

A stylized graphic of the state of Michigan in a dark blue color, set against a light blue background. Overlaid on the map is a dark grey silhouette of a person walking, carrying a bag. Several circles are scattered across the map: three are dark grey and three are orange. The title 'Michigan Earn and Learn' is written in large white letters across the middle of the map.

Michigan Earn and Learn

An Impact, Outcome, &
Implementation Evaluation
of a Transitional Job and
Training Program

May 2015

Report Information

This IMPACT Report was commissioned by The Joyce Foundation on behalf of the State of Michigan.

Our thanks to Michigan Earn and Learn program directors, grant administrators, staff, and participants who were all generous with their time and information, allowing IMPACT to evaluate the Earn and Learn initiative along many dimensions.

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EXECUTIVE SUMMARY: MICHIGAN EARN AND LEARN IMPACT, OUTCOMES, AND IMPLEMENTATION FINDINGS

Evaluation Overview

The Michigan Earn and Learn evaluation sought to answer four research questions:

1. How was Earn and Learn designed?
2. How was Earn and Learn implemented?
3. What were Earn and Learn's outcomes?
4. What were Earn and Learn's impacts?

This evaluation is based on the first 18 months of programming (May 1, 2011 through December 31, 2012).

The findings in this report are based on a combination of sources that includes: program documents, program records, administrative data from Michigan's One-Stop Management Information System, interviews, a participant survey, and an employer survey.

While the Great Recession introduced unemployment and underemployment to the masses, its significant negative trends aggravated already declining rates of employment in Michigan, particularly among less-educated, young, male, and minority individuals, who were then also hit hardest by the recession.¹ As the nation began to slowly recover after the recession, Michigan continued struggling to find an economic foothold.

The State of Michigan, along with private funders, responded with the Michigan Earn and Learn program, which had the goal of creating opportunities for individuals with barriers to employment to pursue the types of education and occupational training associated with economic advancement. Program framers knew that to make pursuing education or training plausible for individuals who are low income there would have to be an opportunity to earn income simultaneously.

This awareness, coupled with the knowledge that most participants in the target population could benefit from recent employment experience and an overarching desire to stimulate the economy led program framers to require that subsidized employment be offered simultaneously with training. The program targeted disconnected, at-risk youth (ages 18 to 24 and particularly young minority males), formerly incarcerated individuals, and chronically unemployed adults in three particularly hard-hit cities: Detroit, Flint, and Saginaw.

The program faced several delays and design changes along the way, but began in earnest in February of 2011. Eighteen months into the program, Earn and Learn had served nearly 1,300 disadvantaged job seekers with skills training, education, and work, with nearly 900 of them earning income in a transitional job.²

True to the program's intent, Michigan Earn and Learn reached people with significant barriers to employment:

- Twenty five percent of participants had never had a job.
- Of those who had a job before, 32 percent—the largest share—had never held a job for a year or more.
- Thirty two percent had been out of work for over 2 years prior to enrolling in Earn and Learn.
- Over a third of participants across sites had spent time in prison, jail, or juvenile detention before becoming involved in Earn and Learn.
- Nearly half (44 percent) of all participants had a high school diploma/GED or less.

Earn and Learn was designed based on best practices from a particular workforce development model called transitional jobs (TJ), but with flexibility at its core so that each region could tailor a service delivery approach

1. Edelman, P., & Holzer, H (2013). *Connecting the disconnected: Improving education and employment outcomes among disadvantaged youth*. IRP Discussion Paper, No. 1412-13. Madison, WI: University of Wisconsin-Madison, Institute for Research on Poverty.

2. This report covers 19 months of programming in Flint.

Program staff and participants together tailored a unique program plan for each participant that best fit his or her unique goals and program component availability.

that worked best for their local communities. TJ programs are a subset of subsidized (or publicly-funded) employment programs that add enhancements intended to increase the long-term employability and economic advancement of individuals disconnected from the workforce. These enhancements typically include case management, job skills training, and supportive services to help individuals facing barriers to employment succeed in the workforce. Earn and Learn used an innovative braided funding structure consisting of philanthropic support combined with state and federal dollars in order to fund the various aspects of the program, including case management, supportive services, subsidized wages, education, and training.

Earn and Learn was implemented by several local workforce providers in each city, all of whom were already Workforce Investment Act (WIA) providers but some of whom were not used to serving individuals with more barriers to employment than the average WIA client. The three sites took advantage of the program design flexibility, and as a result, no two Earn and Learn participants experienced the program in the same way. That is to say that program staff and participants together tailored a unique program plan for each participant that best fit his or her unique goals and program component availability.

For some participants this meant experiencing the program as originally designed—i.e., proceeding from work readiness training to concurrent enrollment in occupational training and a transitional job. Others went straight to a transitional job. Some participants found that the training or transitional job they were interested in required that they first complete adult basic education. All together, the most commonly experienced program components were work readiness training and transitional jobs.

Outcome Findings

In addition to moving into unsubsidized employment, there are a variety of outcomes that can constitute success in the context of a transitional jobs program, particularly an enhanced TJ such as Earn and Learn that also includes education or training. Among them are outcomes that have the potential to increase a person's marketability in the workforce and advance their economic standing, and they include successfully completing structured work readiness training, successfully completing occupational training, gaining credentials and certifications, gaining recent work experience by participating in a transitional job, reduced recidivism, and decreased dependence on public benefits.³

Work Readiness Training

- The majority (65 percent) of Earn and Learn participants completed some type of work readiness training, which generally includes seminars on workplace etiquette, tips on resume writing and interviewing, and other activities intended to smooth the transition from unemployment to working.
- According to nearly half (47 percent) of transitional employers across sites, Earn and Learn participants had about the same, somewhat more, or many more soft skills as people they would typically hire, which may suggest not only that the various levels of work readiness training offered were effective among those who attended but also that the

3. Data on public benefit usage and recidivism was not made available to evaluators and therefore could not be assessed. See Appendix A for more details..

EARN AND LEARN PARTICIPANT OCCUPATIONAL TRAINING

FIGURE ES1 (n=535)

Type of Training	Pct of Participants
Health	23.7%
Green Energy Management	17.0%
Trucking	8.4%
IT	7.3%
Clerical	7.3%
Welding	6.4%
Food service	5.6%
Manufacturing	5.0%
Design & Communication	4.3%
Custodial	3.0%
Automotive Service & Technology	1.9%
HVAC	1.7%
Customer service	1.7%
Graphic design	1.1%
Architectural design	1.1%
Construction	0.7%
Criminal justice	0.6%
Business	0.6%
Social work	0.4%
Electrician	0.4%
Computer-Assisted Design	0.4%
Plumbing	0.2%
Logistics	0.2%
Journalism	0.2%
Hospitality	0.2%
Fitness	0.2%
Education	0.2%
Carpentry	0.2%
Broadcasting	0.2%

TOP FIVE CREDENTIALS OBTAINED THROUGH EARN AND LEARN

FIGURE ES2 (n=263)

Credential	
Certified nursing assistant	16%
Class A commercial driver's license	10%
Gas metal arc welding certificate	10%
Building science academy certificate	7%
Certification in dining services & bartending	6%

participants deemed by providers as not needing work readiness truly did not.

Occupational Training

- The 565 participants who entered occupational training pursued training in a wide range of industries—from architectural design to social work to broadcasting (Figure ES1). The most popular training programs were clustered in healthcare, green energy management, and trucking.
- Of the participants who entered occupational training, 405 (83 percent) successfully completed it. Participants most frequently earned industry-recognized credentials such as Certified Nursing Assistant, a Class A Commercial Driver's License, and a Gas Metal Arc Welding Certificate (Figure ES2).
- Though the program model was designed to allow participants to attend occupational training while working in transitional jobs, nearly a quarter (24 percent) did not enroll in the two program components concurrently. Of those who ultimately enrolled in both, 15 percent began solely in occupational training. Of those who successfully completed occupational training, 12 percent moved on to a transitional job. Ten percent went on to pursue additional credentials or to brush up on basic skills, and the remaining participants worked on securing unsubsidized employment. An additional 13 percent of participants completed their transitional job first and then went on to occupational training.
- Having children under 18 may have been a barrier to completing training, as parents were less likely than non-parents to finish.⁴ This association was observed for both custodial and non-custodial parents, which may suggest that not only the difficulty often associated with securing consistent and affordable childcare was a factor, but also perhaps that the general demands and stressors of parental duties played a role in participants' ability to complete training.

Adult Basic Education (ABE)

- In some cases, participants did not meet the minimum requirements—such as having a GED or testing at a particular grade level—for the training programs or transitional jobs in which they were interested.⁵ Providers responded by matching 98 participants with a variety of ABE options—including either GED prep, targeted assistance with math or reading skills, or TABE review classes (Figure ES3).
- GED prep and other ABE can go on for long stretches—from several months to over a year—which may have delayed participant progression through the program more than expected. At the 18-month program mark, of those who had enrolled in adult basic education, only slightly more than half had completed their ABE and gone on to enroll in either occupational training (15 percent) or a transitional job (37 percent).
- While a substantial portion were able to successfully complete basic skills training (86 percent), rates of enrollment in key program components such as occupational training (16 percent) and transitional jobs (35 percent)

4. More specifically, a statistically significant relationship between having children under 18 and successfully completing training was observed in the direction of less success among participants with children under 18.

5. Grade levels were determined using the Test of Adult Basic Education (TABE). The TABE assessment is a standardized test that measures math and reading ability.

BREAKDOWN OF TOP MOST COMMONLY RECEIVED

SUPPORT SERVICES

FIGURE ES4 (n=666)

Support Services

Public transportation	45%
Work clothing	15%
Testing/permits	6%
Private vehicle mileage reimbursement	4%
Other support services	3%

remained quite low among participants who enrolled in ABE.

Supportive Services

- Consistent with acknowledged best practices, Earn and Learn providers matched participants with a range of supportive services intended to mitigate common barriers to employment among the target population, including affordable childcare referrals, transportation assistance, health referrals, assistance with record expungement, and housing referrals.⁶ A total of 666 incidences of supportive services were provided to Earn and Learn participants, with some of these incidences going to the same individuals.
- Earn and Learn participants most frequently needed and received assistance with public transportation in the form of bus passes (45 percent), work clothes (15 percent), or paying for permit or testing fees (6 percent) (Figure ES4).
- Despite these important supports, there were gaps. Participants most frequently identified unmet needs related to dental care (31 percent), housing assistance (24 percent), and medical care (24 percent). Provider staff also related that the ability to pay for state-issued identification, a disallowed expense under Earn and Learn rules, would have been very useful as low-income participants were often faced with a chicken-or-the-egg dilemma in which they could not afford to obtain or reinstate identification they needed to get a job but were unable to obtain employment to generate the income necessary to do so.

Transitional Jobs

- Earn and Learn providers cultivated relationships with 80 employers that led to 895 transitional job placements, clustered primarily in the manufacturing, retail, and healthcare and social assistance industries (Figure ES5). Overall, 69 percent of Earn and Learn participants were matched with transitional jobs, and 67 percent of participants had transitional jobs that were related—either by industry or occupation—to the training they completed. Most (58 percent) transitional jobs were in production, sales and related occupations, or office and administrative support.

EARN AND LEARN PARTICIPATION IN ADULT BASIC EDUCATION

FIGURE ES3 (n=98)

	Entered	Completed	In Progress	Did Not Complete
GED prep (n=27)	28%	4%	79%	15%
TABE review (n=69)	70%	100%	0%	0%
Other math and reading assistance (n=2)	2%	50%	50%	0%

6. National Transitional Jobs Network (2010). *Transitional jobs program design elements*. Available at <http://www.scribd.com/doc/59499221/Transitional-Jobs-Program-Design-Elements>

TOP EARN AND LEARN TRANSITIONAL JOBS PLACEMENTS BY INDUSTRY

FIGURE ES5

	All (n=779)	Detroit (n=442)	Saginaw (n=80)	Flint (n=257)
Manufacturing	25%	33%	39%	6%
Retail	19%	31%	3%	3%
Healthcare and social assistance	16%	10%	45%	16%
Construction	10%	8%	1%	15%
Religious, grantmaking, civic, professional and similar organizations	9%	2%	9%	21%

- On average, transitional jobs lasted 375 hours, or 47 eight-hour workdays. Notably, this is on the shorter side of the three to nine months transitional jobs experts recommend; this length of time may not have been enough to ameliorate the barriers some participants may have been facing.⁷
- Over the course of their transitional job, participants earned an average of \$3,011 per person in pre-tax wages.
- In total, Earn and Learn subsidized jobs infused \$1,951,167 into Michigan's economy by putting people who were not working back to work, a substantial support to not just Earn and Learn participants and employers but to struggling Michigan communities as well.

Program Dosage

- Just as each Earn and Learn participant experienced the program uniquely, each participant received a different dosage of the intervention in terms of program component completion (Figure ES6).
- The fact that only 15 percent of participants completed the program as designed suggests that providers struggled to offer the program exactly as designed—i.e., participants complete work readiness, complete occupational training, and gain recent work experience through a transitional job. Even in Flint, where work readiness was not a mandatory part of the program, just over a third (34 percent) of participants completed the program as regionally designed (i.e., completing occupational training and enrolling in a transitional job).

Unsubsidized Employment

- Despite any implementation difficulties, over three quarters (77 percent) of Earn and Learn participants successfully moved into unsubsidized employment.⁸

7. National Initiatives on Poverty and Opportunity (formerly National Transitional Jobs Network). (2012). *Transitional jobs program implementation and best practices*. Available at http://transitionaljobs.issuelab.org/resource/transitional_jobsprogram_implementation_and_best_practices

8. In light of the fact that many participants were earning subsidized wages through their transitional jobs and the vast majority of transitional jobs (78 percent) lasted 14 weeks or less, evaluators used quarterly Unemployment Insurance wage data reported by employers to code any wages earned 2 quarters (26 weeks) after the quarter of program enrollment as unsubsidized. While this approach may have potentially included a few instances of subsidized wages, it also potentially excluded instances of unsubsidized wages and so any outliers likely cancelled each other out.

PARTICIPATION IN EARN AND LEARN PROGRAM COMPONENTS

FIGURE ES6 (n=1296)

Program Component	Entered	Completed	Completed
		Those who entered	All participants
Work readiness training	71% (n=1274)	93%* (n=902)	65%* (n=1264)†
Occupational training	43% (n=1296)	83% (n=488)	32% (n=1137)
Adult basic education	8% (n=1296)	95% (n=76)†	6% (n=1274)†
Transitional job	69% (n=1276)	Unavailable	Unavailable
Supportive services	16% (n=1,296)	N/A	N/A

*Only ACCESS and Saginaw have provided data on who entered JRT but did not finish it.

†Excludes in progress at the time of data collection.

- Participants with characteristics often identified as potential barriers to employment success—such as having a criminal record, having children under 18 living at home, little or no employment history, or unstable housing—appeared to be just as successful at obtaining unsubsidized employment as participants without those potential barriers.
- Demonstrating support for Earn and Learn’s model as designed, participants who completed all three primary components appeared to be the most successful at landing unsubsidized employment (83 percent).⁹ This suggests that future enhanced transitional jobs initiatives should make every effort to implement programs consistent with Earn and Learn’s intent to provide disconnected individuals the opportunity to polish their workplace behaviors through work readiness training, obtain marketable skills through occupational training, and have a transitional job to both support them through training as well as practice emerging soft and hard skills.

Recidivism

- Though the criminal justice data evaluators were able to attain was limited (see Appendix B for details), it appears that very few participants who had a criminal record prior to enrolling in Earn and Learn had been charged with additional crimes or violations as of the time of this report (7 percent).

Employer Experiences

- Employers tended to see Earn and Learn as a way to meet business needs while also reaching out to their communities (Figure ES7). While wage subsidies are clearly an incentive for employers to participate in programs such as Earn and Learn, part of the tradeoff in receiving wage subsidies is that participants generally require increased training and supervision, rendering participation by employers by no means a foregone conclusion.
- Participating employers pointed to a number of factors that went into their decision and were equally likely to point to the ability to test new workers out with the possibility of hiring them later, the opportunity to help

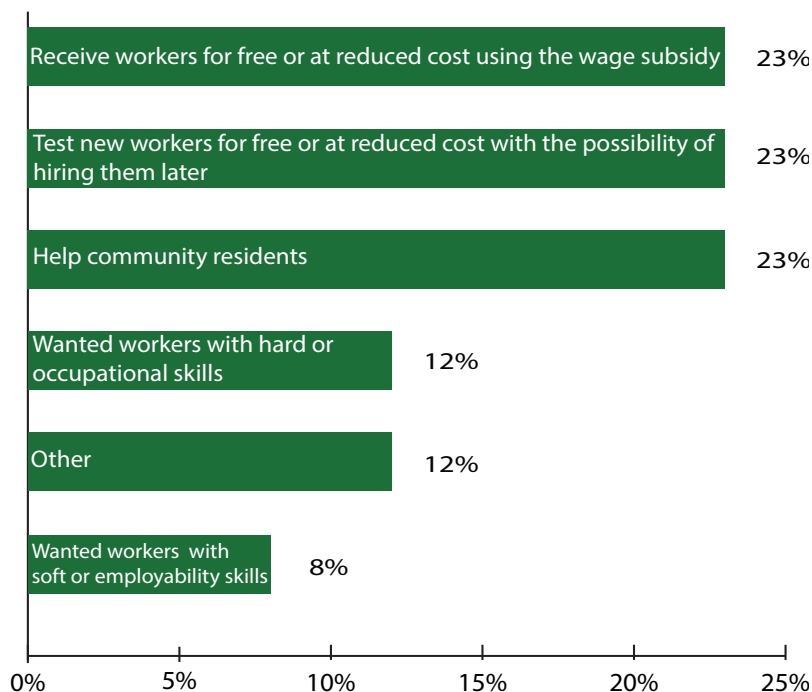
9. More specifically, a small positive statistically significant association between program dosage and obtaining unsubsidized employment was observed at the .05 level in the direction of higher unsubsidized employment among those who received the full intervention.

community residents, or the wage subsidy.

- When asked if they would be willing to participate if they were responsible for part of participant wages, 74 percent of employers responded that they would participate if the subsidy covered 75 percent of Michigan's minimum wage of \$7.40 per hour, 54 percent would participate if the subsidy covered 50 percent of minimum wage, and 39 percent would participate if the subsidy covered 25 percent of the minimum wage.

MOST IMPORTANT EMPLOYER REASONS FOR PARTICIPATING IN EARN AND LEARN

FIGURE ES7 (n=27)



Impact Study Findings

- **Earn and Learn appears to have served a population with more barriers to employment than a comparison group of individuals receiving standard WIA programming in the same counties.**

With the exception of education level, Earn and Learn participants and comparison groups members were significantly different on all key characteristics prior to matching, including prior annual income, age, gender, race, enrollment quarter, and status as long-term unemployed or formerly incarcerated (Figure ES8).¹⁰ This suggests that Earn and Learn did indeed serve a population with more characteristics identified as barriers to employment. For example, lower earnings prior to program enrollment suggests less work history and lower skill levels; a higher incidence of long-term unemployment; a higher incidence of incarceration history; and important differences in racial makeup, with the treatment group consisting of proportionally more African Americans—against whom racial discrimination in the labor market has been well-documented—all suggest a population with

10. More specifically, t-tests revealed group means that were statistically significant at the .05 level.

SELECTED MEAN GROUP CHARACTERISTICS PRIOR TO MATCHING

FIGURE ES8

Characteristics	Treatment Group	Comparison Group
Average Age*	33	35
Average Pre Year Income*	\$1,802	\$13,895
Male*	66.3%	56.7%
Formerly Incarcerated*	19.3%	6.2%
African American*	81.4%	43.6%
White*	10.8%	47.0%
Long Term Unemployed*	64.6%	52.0%
Most Frequent Education Level	High School Graduate or GED (57.2%)	Less than High School Graduate or GED (33.0%)
Most Frequent Enrollment Quarter*	2011 Quarter 4 (40.5%)	2011 Quarter 2 (45.1%)

*Starred entries indicate categories with statistically significant differences at the .05 level.

more barriers to securing employment.¹¹

- **Comparison group members fared better than Earn and Learn participants on both earnings and employment.**

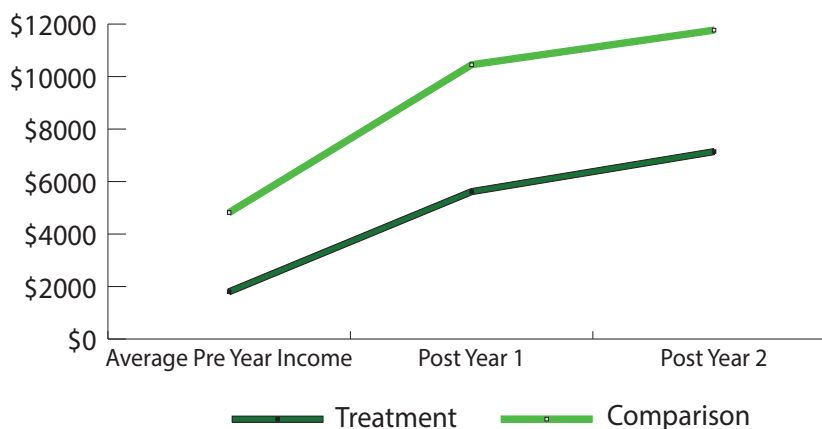
Both the treatment and comparison group experienced large upward swings in earnings from the pre-program period to the post-program follow-up period (Figure ES9). Considering each group's respective earnings prior to program enrollment, however, the comparison group increased their earnings by significantly more than the treatment group.¹²

To investigate employment status irrespective of earnings—and therefore determine whether the differences discussed above could be attributed to the number of hours worked or pay rates rather than unsubsidized employment rates—evaluators examined quarterly employment trends among each group. This analysis revealed that while both groups maintained relatively high rates of employment following program enrollment, the comparison group maintained significantly higher employment rates at multiple points during the pre-and post-period, including the period in which one would expect the treatment group to demonstrate higher rates, i.e., during the transitional jobs period (Figure ES10).¹³

- **Compared to similar past research, treatment group members demonstrated relatively higher rates of employment three and four quarters after program enrollment, suggesting more long-lasting effects.**

MEAN ANNUAL EARNINGS ACROSS PRE AND POST PERIODS BY TREATMENT STATUS

FIGURE ES9



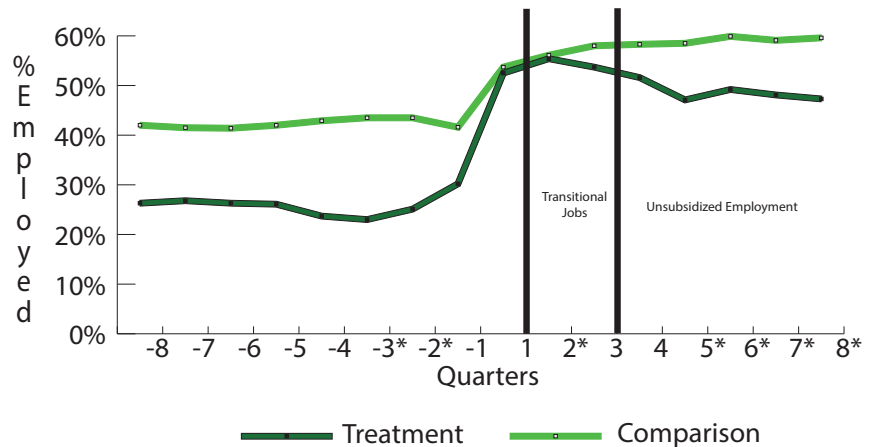
11. Each of these characteristics has been documented as potential barriers to employment in various sources, e.g., Heinrich, C., Mueser, P., & Trokse, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impact International.; Heckman, J., Ichimura, H., & Todd, P. (1997). Matching as an econometric evaluation estimator: Evidence from evaluating a job training programme. *The Review of Economic Studies*, 64(4), 605-654.; Holzer, H., Raphael, S., & Stoll, M. (2006). Perceived criminality, criminal background checks, and the racial hiring practices of employers. *Journal of Law and Economics*, XLIX, October. Chicago: University of Chicago.

12. More specifically, a between-group difference in average earnings increases was observed at the .05 level of significance with an overall effect size of $d = 0.46$, a medium effect.

13. More specifically, chi-square tests revealed an association between treatment status and employment status at the .05 level of significance in the direction of higher employment rates among comparison group members.

The persistently high rates of employment observed among treatment group members contrast with previous large-scale evaluations of TJ and subsidized employment programs that have found positive effects on employment merely due to the temporary jobs that dissipate following the end of those temporary jobs.¹⁴ The relatively high rate of employment sustained three and four quarters after program enrollment observed in this evaluation may have been due to Earn and Learn's design as an enhanced TJ program in that the program went beyond offering a transitional job and supportive wraparound services by offering the added benefit of occupational training. The acquisition of hard skills in conjunction with the soft skills and recent job experience gained through TJ programs may have been enough for participants to begin to establish a tentative foothold in the labor market.

QUARTERLY EMPLOYMENT RATES BY TREATMENT STATUS FIGURE ES10



*Starred quarters indicate a significant difference at the .05 level.
Negative numbers indicate quarters prior to program enrollment.
Transitional job period refers only to treatment group.

Lessons Learned and Recommendations

Implementing a transitional jobs program enhanced with occupational skill training is an innovative and challenging endeavor for the WIA system, state systems, and philanthropy alike.

As the first known state effort to implement this package of services through the WIA system, Earn and Learn is a foundational project that moves the field forward by demonstrating inherent challenges and illustrating what needs to be done to finely tune this package of services and the systems that offer them.

14. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program. New York: MDRC.; Jacobs, E. (2012). Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration. New York: MDRC.; Roder, A., & Elliot, M. (2013). Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs. New York: Economic Mobility Corporation.; and Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J.,..., Redcross, C. (2012). What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

This study demonstrates that WIA providers and state systems have much to learn about implementing services for individuals with persistent barriers to employment, and philanthropic organizations have important lessons to learn about partnering with public entities. In this instance, philanthropy was an important catalyst for innovation, and future efforts should build upon the lessons learned in this initiative.

The soon-to-be implemented Workforce Innovation and Opportunity Act (WIOA)—WIA's replacement—emphasizes the need for concurrent employment and education strategies, which means that the lessons of this initiative are particularly relevant at this time.

The shared responsibility for funding and administering the program across so many stakeholders may have led to implementation delays and differing visions for the program's emphasis.

Earn and Learn was intended to be a large-scale statewide ARRA initiative. However, incompatible timelines and delays in both obtaining funding and establishing funding agreements resulted in several key public funding timelines to be missed or severely constricted, which in turn led to a much smaller program than originally envisioned both in terms of numbers served and regions touched. This diminished capacity reduced the program's reach and likely its impact (i.e., impacting employment rates across the state versus impacting a small percentage of the population in a few regions).

Furthermore, the providers necessarily braided together funding to meet the vision of the program and the needs of participants, using public funds for the "Learn" portion and private funds for the "Earn" portion. Earn and Learn was not ultimately administered by one funding entity as a comprehensive program and as a result oversight was split across many parties. For example, when it became clear that a significant portion of participants were not enrolling in occupational training, the state wasn't able to influence how the subsidized portion of the program was administered relative to its relationship with training. Similarly, outside of grant reports and informal check-ins, private funders would have no timely way of knowing if participants were not enrolling in concurrent training and subsidized employment.

With so many funders in the mix and with many of them focused on just their city, each region functioned more or less independently of each other, with different funders to report to, instead of a statewide initiative. The fact that one private funder extended the program in one region but not the others exemplifies this.

Establishing a formalized agreement between funders, reaching a consensus on desired program impacts, setting a regular communication mechanism for assessing progress toward those goals and sharing relevant information, and establishing a governance structure are all key strategies for managing the challenges associated with a complex web of stakeholders and decision makers. Implementation delays may be nearly inevitable in complex political contexts and both communication and governance challenges may be a symptom of an otherwise promising approach of braiding together funding, but the model cannot be expected to have the same reach or produce the same impacts without a full implementation of a unified vision.

Implementing concurrent employment and training models is complex for service providers. The implementation challenges observed in this effort demonstrate the need for robust planning, coordination, and support to providers—particularly those not already embedded in educational systems.

Despite the appeal of being able to offer participants employment while they are attending training, program staff reported that the logistics were difficult to manage. Often employers weren't able to accommodate the training schedule and vice versa for training providers. To ameliorate the situation, Detroit providers began arranging for training to occur out at the employer worksites after the workday or to pick participants up from their worksites and transport them to training. Alternatively, Flint providers had a considerably easier time accommodating participants who were trying to do both. As sizable colleges accustomed to serving working students, the Flint providers were able to offer the kinds of evening and weekend classes that could work with an Earn and Learn participant's schedule. In some cases, Flint transitional employers required new employees to attend their own intensive training programs, which made the process easier for participants to manage.

When a program successfully targets a population with serious barriers to employment, considerable basic skills training or bridge programs are often needed to help participants prepare for the types of training that is in demand with employers.

In Detroit and Saginaw, participants possessed high school diplomas at a rate lower than expected, which disqualified them for many of the occupational trainings that providers had lined up. Saginaw, for example, intended to primarily enroll Earn and Learn participants in Energy Conservation Apprenticeship Readiness training, but in practice the training required more advanced math skills than many participants currently had. This mismatch left providers to reassess the types of meaningful industry-driven training they could offer participants.

Similarly, despite early thoughts that the two efforts could collaborate, the permanent employment opportunities available through Community Ventures, a state-sponsored initiative targeted at incentivizing employers to hire low-income and otherwise disadvantaged individuals, proved too often to be at too high a skill level for Earn and Learn participants even after completing training. In the short term, providers responded by matching participants with Adult Basic Education/GED prep classes, sometimes in place of more focused industry training. In the long term, Saginaw realized it would be necessary to identify additional training opportunities at a wider range of skill levels.

While some participants did not ultimately enroll in the type of industry-focused training that program designers envisioned, as a pre-requisite to many training programs, the receipt of a GED is certainly a step up the career ladder. Given the easy access to a wide range of remedial classes embedded within the community college system, Flint providers were slightly more equipped to assist participants with skilling up to the college or technical training level when necessary.

To maximize the impact of enhanced transitional jobs programs, it is important that providers build in basic skills training and bridge programs so that participants with low education and skills levels are able to enroll and complete

in the type of industry-driven occupational training that is in-demand with local employers.

Mainstream workforce providers often aren't well-equipped to serve more disadvantaged job seekers and may require robust technical assistance from entities that are familiar with transitional jobs and serving populations with barriers to employment.

While many of the providers were seasoned workforce providers, Earn and Learn participants represented a population with lower skills, more barriers to employment, and in at least one provider's case, a different cultural background than they were generally accustomed to serving. These differences introduced a learning curve in providing effective and targeted services, which may have caused some participants to disengage early from the program.

Detroit responded by implementing a Participant Advisory Council—a group of former and current Earn and Learn participants from both Detroit providers convened to give regular feedback and offer suggestions on how to improve the program—a promising practice associated with more effective participant engagement and improvements in a program's cultural competence.

The Flint sites also noted how difficult it was to place formerly incarcerated individuals into transitional jobs, despite their credential attainment. This challenge suggests that future efforts should take an especially proactive approach to recruiting ex-offender-friendly employers and that providers need to be uniquely prepared to make the case for hiring these individuals to employers, which is one place technical assistance from more experienced transitional jobs providers would be beneficial. More generally, mainstream workforce providers could benefit from obtaining assistance from those who have successfully recruited employers willing to be supportive of disadvantaged jobseekers.

Reflecting on participant data can spur real-time innovation and program improvements.

While one Detroit provider originally required participants to score at a sixth grade level or above to meet the requirements held by many training providers, they soon realized that a significant portion of otherwise eligible individuals were testing below that threshold. In a great example of real-time innovation, the provider developed a pilot program to re-immersion these participants in the educational context to ultimately assist them in bringing up their scores so that they would qualify for occupational training. On average, participants deemed eligible for the pilot scored 5.1 in math and 5.3 in reading. By the end of the pilot, the average participant had increased their math scores by nearly 3 grade levels and increased reading scores by 2 grade levels—a notable accomplishment, especially considering the short time frame. Future sector-driven efforts should consider this approach, which allows many participants to access test-taking and classroom skills that they had once learned but forgotten.

Program providers should emphasize the high level of value that employer partners gain from these programs.

Providers should feel confident in selling the value of working with TJ participants to employers. Employer surveys of transitional jobs programs,

including the Earn and Learn employer survey, continue to show employers touting the benefits of participating in a program such as this, from lowering the cost of hiring new employees and increasing business productivity to improving financial well-being and customer satisfaction. Time and again, as long as they have a good relationship with providers and a clear understanding of where participants are starting from, the vast majority of employers indicate that they would participate in a subsidized employment program again.

While it is certainly important to properly set employer expectations on the degree of supervision most transitional jobs participants will require, program providers and job developers should feel confident emphasizing this value to new potential employer host sites or unsubsidized hiring partners.

Participants with supportive relationships (with family, friends, program peers, or even their case managers) appear to fare better in transitional jobs programs.

Disconnected or chronically unemployed individuals can especially benefit from being surrounded by a strong support network from which to draw motivation, whether it is with program staff, program peers, family, or friends.¹⁵ Sometimes, as evidenced by participant responses indicating that the best part of the program was having people around “to help and...care about each person’s success,” feeling like they have just one person rooting for them is enough to strengthen participants’ confidence in their ability to succeed.

Program designers can help foster these supportive relationships by developing staff’s ability to engage participants as well as providing plenty of opportunities for participants to be surrounded by their peers, particularly once they are out at their TJ worksites and/or in training. If it is not possible to place groups of participants at each worksite, providers can provide opportunities for peer support by offering regular job club meetings, participant advisory meetings, or hosting social events intended to mark participant progress—say after completing a rigorous work readiness training course or successfully earning a credential.

Earn and Learn successfully increased employment for participants and had an important practical impact on their earnings. Though standard WIA programming appeared to have an even greater impact on employment and earnings for its participants, it is unclear if standard WIA programming was truly more effective than Earn and Learn as implemented or if participants in the two interventions differed in ways that affected outcomes and were also undetectable in this study.

It’s clear these two packages of services helped participants increase economic stability by helping them to substantially increase their earnings and in Earn and Learn’s case, sustain employment for longer periods than normally seen in similar interventions.¹⁶ What is not clear, however, is why standard WIA participants fared better than Earn and Learn participants. There are three possibilities: standard WIA programming is more effective at connecting participants to the labor market, Earn and Learn participants differed

15. Dunlap, N. (2012). *Service delivery principles and techniques: Helping people experiencing homelessness engage in services and succeed in employment*. Chicago: National Initiatives on Poverty & Opportunity (formerly National Transitional Jobs Network).

16. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDRC.; Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J., ..., Redcross, C. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

systematically from standard WIA participants in ways the limited assessment data available did not capture, or Earn and Learn's implementation challenges obscured the comparison of the two different packages of services.

Implementation challenges documented in the implementation study and the persistent differences between the treatment and comparison group documented in the impact study lend particular support to the second two interpretations. The fact that comparison group members had considerably higher pre-program annual incomes even after matching suggests that comparison group members had more substantial work histories, skills, experience, and other intangibles that put them on a higher earnings trajectory.

Systems need to do a better job of collecting the data that can facilitate more finely-tuned service delivery and more precise research.

More complete program process and assessment data would allow providers to better understand how exactly participants move through their programs and who they are serving—with the ultimate goal of more effective service provision and improved participant outcomes. From the research perspective, limited program data meant that evaluators had a diminished ability to determine the extent to which both treatment and comparison group members were engaged in their respective programs. Similarly, limited assessment data meant that the matching criterion may understate the differences between the two groups.

When fully implemented, Earn and Learn is a promising model for connecting individuals with barriers to employment to the labor market.

Though implementation of the model was imperfect, this evaluation supports the model of transitional jobs enhanced with industry-driven occupational training, as evidenced by relatively high employment rates following the end of transitional jobs among chronically unemployed, disconnected youth, and formerly incarcerated individuals. Since participants who received the full intervention appeared even more successful at obtaining unsubsidized employment than Earn and Learn participants overall, future efforts should focus on ensuring that the model is fully implemented, particularly in terms of ensuring participants have the experience of a transitional job along with marketability-enhancing occupational training.

INTRODUCTION AND BACKGROUND

National and local economic conditions precipitated opportunities that paved the way for Michigan Earn and Learn, a transitional jobs program that targeted the chronically unemployed, formerly incarcerated, and disconnected youth residents of the particularly hard hit Michigan communities of Detroit, Flint, and Saginaw.

Michigan Earn and Learn is a transitional jobs program that launched in 2011 to address Michigan's unique economic and workforce needs in the post-recession era. In the first year and a half of programming, Earn and Learn served nearly 1,300 individuals who were chronically unemployed, formerly incarcerated, or disconnected youth with occupational training opportunities and transitional jobs.

National and Local Economic Context

Earn and Learn served nearly 1,300 individuals who were chronically unemployed, formerly incarcerated, or disconnected youth with occupational training opportunities and transitional jobs.

The collapse of the nation's economy that began in December 2007 caused the United States' unemployment rate to skyrocket from 4.7 percent to a high of 10.0 percent in October 2009.¹⁷ 8.4 million jobs disappeared between January 2008 and February 2010—by far the greatest loss since the Great Depression seven decades prior.¹⁸ African American workers were among the hardest hit, with unemployment rates rising from 8.3 percent in 2007 to a high of 16.1 percent in 2010.¹⁹ Young African American workers fared even worse: 16 to 19 year olds had a 2010 unemployment rate of 43.0 percent, a level not seen since the early 1980s, and 20 to 24 year olds had an unemployment rate of 26.0 percent.

The national situation was bad, to be sure, but in the state of Michigan, things were even worse. Even before the recession hit, Michigan was experiencing an unemployment rate of 7.3 percent—nearly 3 percentage points higher than the national starting point.²⁰ This head start on the unemployment trend led Michigan to peak in August 2009 at an unemployment rate of 14.2 percent—over 4 percentage points above the highest point the national rate reached.²¹ Michigan's African American workforce had an overall unemployment rate of 23.9 percent in 2010, with an unemployment rate of 54.3 percent for teenagers and 26.6 percent for young adults age 20 to 24.²²

Michigan's higher recession unemployment starting point and its higher peak unemployment rate point to a much more entrenched struggle in Michigan that not only began before the recession hit but also continued long after its official end:

- Between 2003 and 2007, well before the recession took hold, Michigan had already experienced a net loss of 178,000 jobs, over half of them

17. U.S. Bureau of Labor Statistics. (2013). *Labor force statistics from the Current Population Survey*. Available at <http://data.bls.gov/timeseries/LNS14000000>

18. Goodman, C., & Mance, S. (2011, April). *Employment loss and the 2007-2009 recession: An overview*. Monthly Labor Review. Washington, DC: U.S. Bureau of Labor Statistics.

19. U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics. (2011, August). *Labor force characteristics by race and ethnicity, 2010*. Report 1032. Washington, DC: Author.

20. U.S. Bureau of Labor Statistics. *Labor force statistics from the Current Population Survey*. Available at <http://www.bls.gov/cps/>

21. Ibid.

22. U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics. *States: Employment status of the civilian noninstitutional population by sex, race, Hispanic or Latino ethnicity, marital status, and detailed age, 2010 annual averages*. Available at <http://www.bls.gov/lau/#ex14>

from the manufacturing industry.²³

- During the recession years of 2008 and 2009, the state lost 3,450,000 additional jobs.²⁴
- By 2011, 18 months after the official end of the recession, Michigan had had the nation's highest unemployment rate for 44 consecutive months.²⁵
- When including marginally attached workers, discouraged workers, and involuntary part-time workers, Michigan's post-recession 2010 un- or underemployment rate climbed to 21 percent of the workforce.²⁶

Michigan's struggles of the last decade have roots in its long-standing ties to the manufacturing industry. The state historically prospered with the plentiful lower-skill, higher-wage jobs available in the manufacturing industry. But with the decline of the auto industry and the rapid emergence of the knowledge economy, Michigan's workforce found itself particularly unprepared to adapt to the new and higher levels of skills needed for success:

- One in three working age adults in Michigan lacks the basic skills needed to enter a community college or maintain a middle skill job.²⁷
- This significant skill gap is precipitated by a statewide high school dropout rate of 14.9 percent.²⁸
- Among African American and Hispanic students, the dropout rate is nearly double, at 27.4 percent and 23.2 percent, respectively.²⁹ These educational disparities—which have been linked to structural inequalities such as inequitable school resources, less access to advanced classes, less educated teachers, racial income inequality, discrimination, and minorities experiencing stricter disciplinary action for the same behavior—only serve to reinforce the gap in economic outcomes between African Americans, Hispanics, and Whites.³⁰

Though there was certainly need throughout the state, Detroit, Flint, and Saginaw had some of the most acute need—high unemployment, poverty, and high school dropout rates (Figure 1).³¹

So, while the Great Recession introduced unemployment and underemployment to the masses, its significant negative trends aggravated already declining rates of employment in Michigan, particularly among less-educated, young, male, and minority individuals, who were then also hit

23. Social IMPACT Research Center's analysis of Michigan Department of Technology, Management, and Budget. *Current employment statistics*. Data available at <http://milmi.org>

24. Michigan Department of Technology, Management, and Budget. *Current employment statistics*. Available at <http://milmi.org>

25. U.S. Bureau of Labor Statistics. *Regional and state employment and unemployment archived news releases*. Available at http://www.bls.gov/schedule/archives/laus_nr.htm#1993Find

26. U.S. Bureau of Labor Statistics. *Alternative measures of labor underutilization for states: 2010 annual averages*. Available at http://www.bls.gov/lau/stallt_archived.htm

27. Council for Labor and Economic Growth. (2009). *Transforming Michigan's adult infrastructure. A report to the Council for Labor and Economic Growth from the CLEG Low-Wage Worker Advancement Committee's Adult Learning Work Group*. Lansing, MI: Author.

28. Center for Educational Performance and Information. *2012 cohort four-year, 2011 cohort five-year and 2010 six-year graduation and dropout rates including subgroups*. Available at http://www.michigan.gov/cepi/0,4546,7-113-21423_30451_51357--,00.html. Data reflect the 2011 cohort five-year graduation rate.

29. Ibid.

30. While a formal treatment of educational disparities is beyond the scope of this report, further discussion of evidentiary links between race and educational outcomes can be found in: Mickelson, R. (2003). When are racial disparities in education the result of racial discrimination? A social science perspective. *Teacher's College Record*, 105(6), 1052-1086; Oladele F., & Williams, J.A. (2008). *Structural inequalities: The urgent need to move from education for some to education for all*. New York: Center for Law and Social Progress.

31. U.S. Bureau of Labor Statistics. *Local Area Unemployment Statistics*. Available at <http://www.bls.gov/lau/>; U.S. Census Bureau's 2007-2011 American Community Survey 5-year estimates program; Center for Educational Performance and Information. *2012 cohort four-year, 2011 cohort five-year and 2010 six-year graduation and dropout rates including subgroups*. Available at http://www.michigan.gov/cepi/0,4546,7-113-21423_30451_51357--,00.html. Data reflect the 2011 cohort five-year graduation rate.

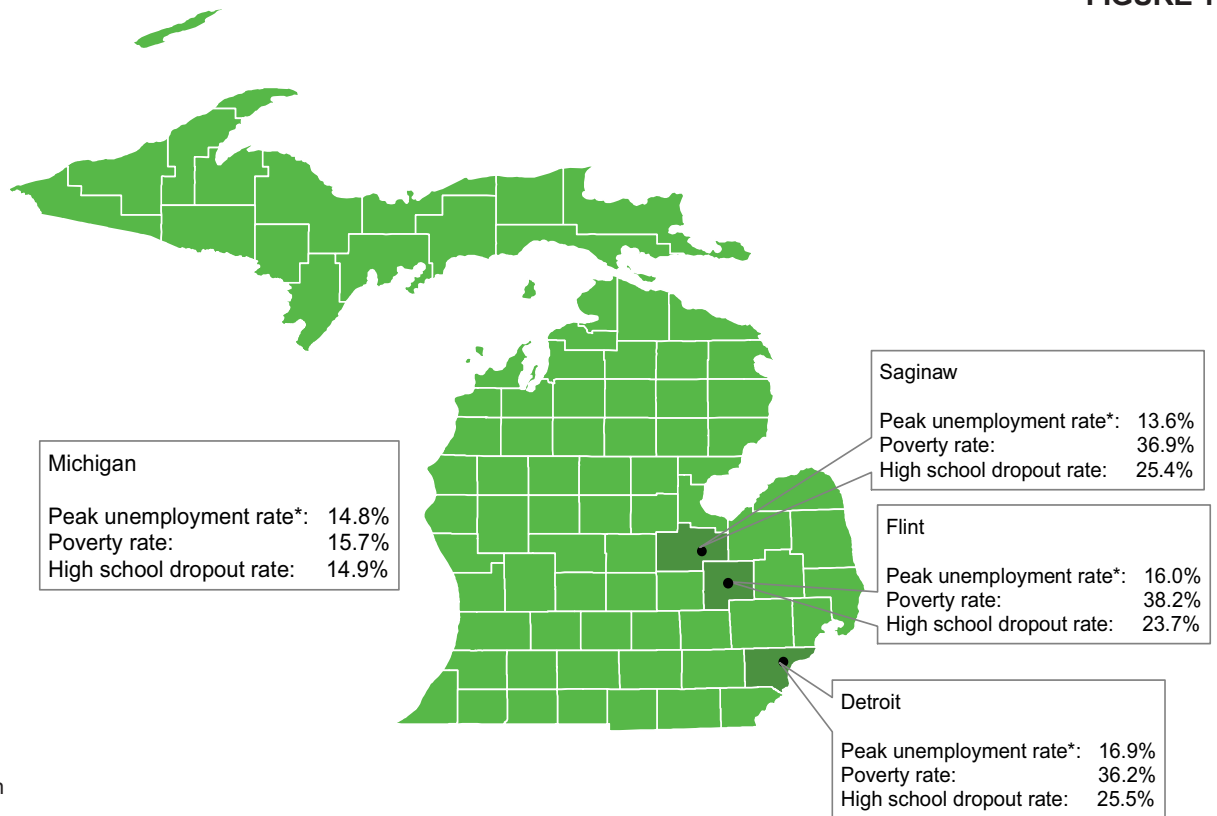
hardest by the recession.³²

The National Response and Local Adaptation

On the national level, these nearly unprecedented levels of unemployment and job loss created a critical need for immediate action. To counteract the country's downward economic trend, President Obama signed the American Recovery and Reinvestment Act (ARRA) in February 2009. Among the legislation's many measures was the creation of a pool of emergency funds available through Temporary Assistance to Needy Families (TANF) intended to support states in throwing out a lifeline to struggling citizens. With this funding, states could be reimbursed for 80 percent of increased spending in three categories: basic assistance, short-term non-recurrent benefits, and subsidized employment programs.

ECONOMIC INDICATORS OF NEED IN EARN AND LEARN CITIES

FIGURE 1



* All peaks occurred in July 2009 and are not seasonally adjusted.

These provisions encouraged states to use the injection of funding to increase TANF caseloads, expand cash benefits and other short-term assistance for TANF recipients, collaborate with community-based organizations to extend emergency food or cash assistance to non-TANF recipients with extreme needs, and expand or create subsidized employment programs intended to create jobs by subsidizing wages. The 20 percent of spending not reimbursed by the TANF Emergency Contingency Fund could be provided by non-federal

32. Edelman, P., & Holzer, H. (2013). *Connecting the disconnected: Improving education and employment outcomes among disadvantaged youth*. IRP Discussion Paper No. 1412-1413.

**Government leaders,
advocates, and
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funds, other public or private funding, or in-kind contributions, including training and supervision provided by participating employers.³³

Times of economic downturn tend to hit low-income, low-skilled, disconnected, and chronically unemployed individuals—particularly African American men—hardest, effectively compounding the disadvantage they already experience on a regular basis.³⁴ Beyond these immediate effects, the combination of poor schooling, disproportionate incarceration rates, and lack of employment opportunities often experienced by these populations early on in life carry long-term ramifications on earning potential and economic outcomes.³⁵

Setting aside the considerable costs to the individual, there are also a slew of costs to society that accompany the higher incidence of physical and mental health issues, crime and justice system involvement, and need for welfare and other social supports associated with a lack of economic opportunity among disconnected youth and adults.³⁶ Aware of this trajectory, government leaders, advocates, and funders in Michigan responded by calling for programs and policies that would provide work and education opportunities to stem the tide of economic losses spreading across the state. These advocates underscored the need to immediately connect at-risk youth and unemployed adults with jobs so that they could earn wages, support their families, and infuse their local economies with their earnings—while at the same time launching or maintaining a work history.

This push was based on a research base that indicates that in order to truly impact these individuals and their economic outcomes, a multi-pronged approach—including industry-driven training, case management, transitional job experiences, and employer engagement—is necessary to enable them to attain and sustain better jobs over the long term.³⁷ The demonstrated need in Michigan, combined with research support for the notion that transitional jobs programs can get people back to work and keep them working even in times of poor economic conditions, indicated to decision makers that the moment was right for a strategic jobs initiative tailored to the struggling Michigan workforce that would at the same time meet the needs of local employers.³⁸

Michigan subsequently developed the Earn and Learn program with the goal of creating opportunities for individuals with barriers to employment to pursue the types of education and occupational training associated with economic advancement. The program targeted disconnected, at-risk youth (ages 18 to 24), young minority males (including prisoners re-entering communities), and chronically unemployed adults in Detroit, Flint, and Saginaw. Program cities were determined by weighing a combination of economic and social factors and local support for the program. Ultimately, Earn and Learn was supported through a combination of Workforce Investment Act (WIA) Statewide Activity

33. Lower-Basch, E. (2009, November). *Questions and answers about the TANF Emergency Fund*. Washington, DC: Center on Law and Social Policy; Schott, L. (2010). *Using TANF Emergency Funds to help prevent and address family homelessness*. Washington, DC: Center on Budget and Policy Priorities.

34. Edelman, P., & Holzer, H. (2013). *Connecting the disconnected: Improving education and employment outcomes among disadvantaged youth*. IRP Discussion Paper, No. 1412-1413.

35. Edelman, P., Greenberg, M., & Holzer, H. (2008). *A safety net for the least fortunate*. Available at <http://www.urban.org/publications/1001249.html>; Alexander, M. (2010). *The new Jim Crow: Mass incarceration in the age of colorblindness*. New York: The New Press.

36. Belfield, C., Levin, H., & Rosen, R. (2012). *The economic value of opportunity youth*. Washington, DC: Civic Enterprises.

37. Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hseuh, J.,...Redcross, C. (2012). *Enhanced services for the hard-to-employ demonstration and evaluation project: Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services; Maguire, S., Freely, J., Conway, M., & Schwartz, D. (2010, July). *Tuning in to local labor markets: Findings from the Sectoral Employment Impact Study*. New York: Public/Private Ventures; Michigan Future, Inc. (2010). *The reducing chronic unemployment initiative big idea phase final report*. Ann Arbor: Author.

38. National Transitional Jobs Network. (2010, October). *The Transitional Jobs Reentry Demonstration: Advancing the field of transitional jobs*. Chicago: Author.

The overarching intent of Earn and Learn was to make the pursuit of training with labor market value to disconnected and chronically unemployed individuals feasible by offering them a chance to earn an income through simultaneous transitional employment.

funds and Wagner-Peyser 7A Employment Services funds allocated by the State of Michigan Workforce Development Agency and crucial support from both national and local philanthropic foundations, including the Open Society Foundations, the Charles Stewart Mott Foundation, the Skillman Foundation, the New Economy Initiative for Southeast Michigan, and the W.K. Kellogg Foundation.

The overarching intent of Earn and Learn was to make the pursuit of training with labor market value to disconnected and chronically unemployed individuals feasible by offering them a chance to earn an income through simultaneous transitional employment. Program framers recognized the differences in skills and demographics present in the communities at each site and subsequently designed Earn and Learn in a manner that would allow sites the flexibility to implement a model suited to unique local needs. Eighteen months into the program, Michigan Earn and Learn had served nearly 1,300 disadvantaged job seekers with skills training, education, and work, with nearly 900 of them earning income in a transitional job.³⁹

39. Since Flint programming began in May 2011, this report covers 19 months of programming in Flint.

OUTCOME & IMPLEMENTATION EVALUATION METHODOLOGY

The Michigan Earn and Learn evaluation was designed to answer four research questions:

1. How was Earn and Learn designed?
2. How was Earn and Learn implemented?
3. What were Earn and Learn's outcomes?
4. What were Earn and Learn's impacts?

This outcome and implementation evaluation is based on the first 19 months of programming (May 1, 2011 through December 31, 2012) and addresses the first three research questions; the impact evaluation, discussed in a subsequent chapter, examined program impacts. Please refer to Appendix A for a detailed description of outcome and implementation evaluation methodology.

Evaluators used the following sources in this report:

- **Program documents:** To understand program design and intent, evaluators reviewed related policy issuances from the Michigan Workforce Development Agency (WDA) and regional grant proposals. These documents describe both the services that each effort was required to provide as well as how they intended to do so.
- **Program records:** Data on the personal (including demographics, educational attainment, and barriers to employment) and household characteristics, services received, and program outcomes of the entire universe of Earn and Learn participants were drawn from program documentation, including intake forms, assessments, and performance measurement tools.
- **Michigan's One-Stop Management Information System (OSMIS):** To verify the complete universe of participants, demographics and data on supportive services received by all registered participants were collected from OSMIS, the state-level workforce database used for all Michigan Works! Agency programs in Michigan. Data on barriers to employment are also collected in this database, which allowed OSMIS data to serve as a supplement to information collected from other sources. Additionally, Unemployment Insurance (UI) wage data, also present in OSMIS, was used to verify unsubsidized employment.
- **Interviews:** To understand the circumstances that led to the creation of Earn and Learn and shaped its design and implementation, evaluators interviewed representatives of key organizations involved in the design, administration, and funding of the program. To understand each site's experience implementing Earn and Learn, evaluators interviewed staff and administrators from each site. Finally, to understand their experiences prior to the program and to gain additional program feedback, evaluators also interviewed participants from each site.
- **Participant survey:** Primary data on participant program experiences

and satisfaction with Earn and Learn were drawn from responses to a 30-question survey sent to the entire universe of participants. Of all surveys sent, 137 useable responses were received—a response rate of slightly over 9 percent. Because the number of responses constitutes a relatively small and non-representative proportion of all 1,295 participants, caution must be used in generalizing about the characteristics and experiences of all participants from survey responses. For a discussion of factors that may have contributed to the low response rate, please see Appendix A.

- **Employer survey:** Data on the characteristics of Earn and Learn employers, their assessments of participant progress, and their satisfaction with the program were collected in a 44-question survey sent to all participating employers. Of all surveys sent, 27 useable responses were received, constituting a response rate of 33 percent. Because responses received are not necessarily representative of all 80 Earn and Learn employers, caution must be used in generalizing about all employers from survey responses.

WHY TRANSITIONAL JOBS?

Large-scale subsidized (or publicly-funded) jobs programs are intended to rapidly inject work-based income into the community and drive down unemployment rates among individuals with limited or no work experience, particularly during recessions or other times of high unemployment. Transitional jobs (TJ) are a subset of subsidized employment programs that add enhancements intended to increase the long-term employability and economic advancement of individuals disconnected from the workforce, including case management, job skills training, and supportive services to help individuals facing barriers to employment succeed in the workforce. Transitional jobs participants receive individualized wraparound services that may include training, education, case management, job coaching at their transitional worksites, mediation with worksite supervisors, supportive services, and mental or physical health referrals. Over the past few decades, evidence has been mounting for the efficacy of transitional jobs in meeting those goals as well as other important outcomes, such as reducing recidivism among returning citizens, supporting small businesses, preventing future justice system involvement, and reducing reliance on public benefits.¹

A growing body of evidence suggests that TJ programs that integrate adult learning contextualized to the workplace and credential attainment lead to even more sustained economic gains and other positive outcomes for program participants.² This approach allows programs to meet participants where they are in term of skills and education—since many members of the populations TJ programs are targeted at require additional education/training to qualify for many of the sectoral trainings, certification programs, and entry-level employment opportunities that afford TJ participants opportunities for advancement. Combining education with wage-paid work also makes pursuing education a more feasible endeavor for individuals with low or no income. Notably, this enhancement of learning contextualized to work was

incorporated as a key aspect of Earn and Learn.

Subsidized jobs and TJ programs can be especially mutually beneficial during times of high unemployment and economic downturn when employers do not have the financial solvency to take on new workers but stand to benefit from the additional capacity the subsidized workforce helps realize.³ There is also an economic ripple effect associated with the wages participants earn in these types of programs. For example, a large-scale statewide subsidized jobs program in Illinois that paid out \$107 million in wages generated nearly \$13.6 million in federal income, Medicare, and Social Security taxes, over \$2.7 million in state income tax, and nearly \$400,000 in garnished support orders (e.g., child support, alimony, family support).⁴

Further, though they may require additional support, participants regarded as “hard-to-employ”—i.e., those who are unable to obtain employment on their own due to lack of experience, who have not had the opportunity to develop workplace behaviors, and who may also be experiencing additional barriers, such as low literacy, lack of affordable childcare, or the stigma surrounding an incarceration history, generally have the most ground to gain and are in turn best served by these programs.⁵

Awareness of these macro and micro-level benefits led private funders, advocates, and policymakers to identify the American Recovery and Reinvestment Act’s TANF Emergency Contingency Fund as a unique opportunity to inject local economies with much-needed income, stir economic activity, and provide disconnected individuals opportunities for economic advancement. Program designers also saw a moment for individuals who generally do not have the option of pursuing training while foregoing an income to have an opportunity to earn money while gaining the type of industry-recognized skills that would advance their career toward more of a livable income.

1. Bloom, D. (2010). *Transitional jobs: Background, program model, and evaluation evidence*. New York: MDRC; Birchfield, E. (2002). *Community jobs program moves people from welfare to career track*. Seattle: Economic Opportunity Institute; Social IMPACT Research Center. (2010, October). *Put Illinois to Work evaluation: An early look*. Chicago: Author.

2. The National Transitional Jobs Network. (2010). *The Transitional Jobs Reentry Demonstration: Advancing the field of transitional jobs*. Chicago: Author.

3. Social IMPACT Research Center. (2010, October). *Put Illinois to Work evaluation: An early look*. Chicago: Author.

4. Ibid.

5. Michalopoulos, C. (2004). *What works best for whom: Effects of welfare and work policies by subgroup*. New York: MDRC.

PROGRAM DESIGN AND IMPLEMENTATION

Earn and Learn's existence and design is owed to a group of committed public and private funders, workforce providers, and workforce advocates who saw the program through despite funding shifts and delays. Their persistence paid off and manifested in a program model that allowed program sites flexibility within a broad program structure based on transitional jobs best practices. Programming in Saginaw and Detroit officially ended December 31, 2013, but may be renewed by private funders at a future date. Flint obtained additional funding from the Charles Stewart Mott Foundation to continue program activities into 2014 to help program completers obtain unsubsidized employment.

Earn and Learn's program model allowed Detroit, Saginaw, and Flint flexibility within a broad program structure based on transitional jobs best practices.

Earn and Learn was designed to both align with other workforce development policies and programs and to fill a gap left by existing policies and programs:

- Nationally, over the last decade or two, the Workforce Investment Act (WIA) has shifted to serving a greater share of unemployed individuals with more extensive work histories and a smaller share of low-income jobseekers with barriers to employment.⁴⁰
- No Worker Left Behind (NWLB), initiated by the Granholm Administration in 2007, provided free tuition to unemployed and moderate-income individuals to return to school and earn credentials with labor market value. Earn and Learn was intended to share NWLB's emphasis on training and focus on making training attractive and accessible to individuals disconnected from education and the labor market.⁴¹
- Jobs Education and Training (JET),⁴² Michigan's TANF jobs program, already provided training and supportive services to help low-income individuals with children meet TANF work participation requirements.
- A version of JET called JET Plus provided subsidized employment to TANF participants—generally single mothers.

None of these publicly supported programs provided targeted subsidized employment and support for disconnected men without children, a strategy and population subset that Earn and Learn's designers viewed as critical to ameliorating Michigan's economic woes.

Program Design and Launch

The program used an innovative braided funding structure consisting of philanthropic support combined with state and federal dollars in order to fund the various aspects of the program, including case management, supportive services, subsidized wages, education, and training. While perhaps introducing an additional level of complexity, combining funding streams is a

40. Center for Law and Social Policy (2008). *Written comments on Workforce Investment Act reauthorization*. Washington, DC: Author.

41. Earn and Learn was intended to "augment and enhance the scope of No Worker Left Behind" according to the State of Michigan's Department of Career Development, Bureau of Workforce Transformation's Policy Issuance 10-28 dated 04/15/2011.

42. As of January 1, 2013, JET became known as Partnership, Accountability, Training, Hope (PATH). More information is available at http://www.michigan.gov/mdcd/0,4611,7-122-1678_41500--00.html

promising approach for increasing program sustainability as well as promoting consistency among funding streams aimed at the same goal of economic advancement.

In effect, then, what was intended to be a statewide ARRA program funded with substantial federal and private funds became a similar post-ARRA program funded with fewer state and private funds.

Fresh from successfully partnering with several states and localities to draw down various American Recovery and Reinvestment Act (ARRA) funds, the Open Society Foundations (OSF) played a lead role in driving the effort in Michigan that ultimately resulted in the creation of Earn and Learn. In an early plan for the program, OSF would have contributed \$7.5 million. Local foundations, including the Charles Stewart Mott Foundation, the Skillman Foundation, the New Economy Initiative, and the W.K. Kellogg Foundation would have together contributed a total match of \$7.5 million. Program designers envisioned using \$5 million of the combined private funds to draw down \$30 million in TANF Emergency Contingency Funds (ECF) to provide \$20 million in subsidized wages for TANF-eligible individuals through the Jet Plus program and the remaining \$10 million to offer subsidized wages to disconnected men without TANF-eligible dependents in the economically depressed areas of Detroit (including Detroit, Hamtramck, Highland Park, and Pontiac), Flint, Saginaw, and western Michigan (including Benton Harbor, Greenville, and Muskegon Heights) through Earn and Learn.

Several contextual challenges burdened the timely and as-designed launch of Earn and Learn. After the state legislature missed the deadline of September 30, 2010, to draw down ECF dollars, the ARRA ECF money originally anticipated for Earn and Learn was no longer available and the state had to scramble to identify alternative funds. Ultimately, the State of Michigan's Workforce Development Agency shored up ARRA WIA Statewide Activities funding to replace the ARRA ECF dollars. However, philanthropic awards were not made until February 2011, a delay that introduced further complications, since by that time only 4 months of spending authority was left on the WIA Statewide Activities funds.⁴³ After it became clear that the substantial ARRA ECF money would be unavailable, in the interest of maximizing leverage of OSF funds, OSF added a requirement to their funding offer to each region that the State of Michigan would also have to match OSF and local foundation funding one-to-one to one. This modification meant that the State had to work further to secure additional funds, which again delayed implementation. Ultimately, Wagner-Peyser 7A Employment Services funding was used to supplement the state's final contribution to Earn and Learn.

In light of reduced public funding as well as local private funder interest in the especially hard hit region of Detroit, in January of 2011, the State of Michigan decided to move ahead with Earn and Learn on a reduced scale, eliminating western Michigan from the program. In effect, then, what was intended to be a statewide ARRA program funded with substantial federal and private funds became a smaller post-ARRA program funded with fewer state and private funds. Generally speaking, public dollars were intended to be spent on training, education, and supportive services, while private funds were intended to be used on subsidized wages and case management. Earn and Learn operated in three cities—Detroit, Flint, and Saginaw—by several local workforce providers, all of whom were already WIA providers but some of whom were not used to serving individuals with more barriers to employment than the average WIA client.

43. WIA Statewide Activities funds refer to the discretionary WIA dollars that states can set aside for workforce development initiatives throughout the state, while Wagner-Peyser funds stem from the Wagner-Peyser Act of 1933, legislation intended to help workers and businesses affected by the Great Depression. Wagner-Peyser was eventually amended to be folded into the Workforce Investment Act of 1998.

To varying degrees in each city, Earn and Learn was not implemented strictly according to original program design.

By design, Earn and Learn allowed local providers flexibility within a broad program structure based on transitional jobs best practices and regional needs. The Michigan Workforce Development Agency (WDA), the state agency that was home to Earn and Learn, issued the following broad policy guidelines on Earn and Learn that local providers had to work within when crafting their own local versions of Earn and Learn:⁴⁴

- Since WIA funds were to be used for education and training components, all participants were required to be eligible for and registered for the WIA Adult program.⁴⁵
- All education and training activities were to be offered at the same time as subsidized employment to allow participants to complete both on a parallel track. Transitional jobs were intended to incentivize participants to engage in education or training. Obtaining a transitional job should “be conditional upon concurrent engagement in approved education or training programs that solidify basic skills and ultimately result in the attainment of degrees and/or certificates with labor market value.”
- To assist participants with achieving success in transitional jobs and education or training, providers were to help participants manage barriers to employment and offer “follow-up” services such as assistance with job search, interview skills, resume, and work readiness training.
- Providers were to be equipped to bridge the gap between participant skill levels at the time of enrollment and skills needed to begin occupational training and transitional jobs by offering adult basic education tailored to the workplace (contextualized literacy) and English as a Second Language (ESL) to those who needed it.
- Providers were instructed to include work readiness training or life skills classes “to help individuals become familiar with general workplace expectations and to learn the behaviors and attitudes necessary to compete effectively in the labor market.”
- Case management, career advising, and supportive services were to be offered by the providers for up to 180 days after participants are placed in permanent employment.

Considering these guidelines, it is evident that to varying degrees in each city, Earn and Learn was not implemented strictly according to original program design. As will become clear in the following sections, program realities conflicted with intended design in terms of who was recruited to participate, the systematic offering of work readiness training, the necessity of attending occupational training in order to be offered a transitional job, and for those who did enroll in both training and the TJ, the timing of those two activities was not always concurrent. While this flexibility may have been necessary to mesh with the realities of participants’ lives and program implementation obstacles, the program model cannot necessarily be expected to achieve the intended effect of fostering economic advancement in the long-term without full implementation.

44. State of Michigan’s Department of Career Development, Bureau of Workforce Transformation’s Policy Issuance 10-28 dated 04/15/2011.

45. All women over age 18 and men who have completed Selective Service registration over age 18 are eligible for WIA adult core services, which provides job search and placement assistance, labor market information, and outreach. More information available at http://www.doleta.gov/programs/general_info.cfm.

Key Players

A diverse cadre of state and local government entities, local nonprofit providers, and both public and private funders carried out the work of operating Earn and Learn. The funding structure and management of Earn and Learn was innovative but also fairly complex. The key players can be broken into five categories: multi-site funders, locally-based funders, program administrators, Michigan Works! agencies, and local service providers.

Multi-site funders provided the initial impetus for Earn and Learn, set program priorities, and crafted a flexible program designed to allow each city to cater to regional needs. The following multi-site funders supported program efforts in all Earn and Learn cities:

- The U.S. Programs operated by the **Open Society Foundations (OSF)** support efforts to advance equality, fairness, and justice with a focus on the most vulnerable and marginalized communities and the most significant threats to open society in the United States today.⁴⁶ In April 2009, George Soros and his Open Society Foundations established the Special Fund for Poverty Alleviation in response to the economic crisis to provide humanitarian and direct services. During Earn and Learn, OSF played a lead role in driving the design of the program. Before Earn and Learn was conceived, OSF had successfully contributed private funds to serve as state match to draw down ARRA funds for programming in New York. OSF was looking to replicate this success in Michigan and subsequently sought contributions from local foundations that would be combined with OSF funds and be used to draw down ARRA funds. In 2009, OSF and the State of Michigan successfully approached the Mott Foundation about providing matching funds. Ultimately, OSF dollars were used to fund case management, subsidized wages, and supportive services not covered by WIA.
- The **State of Michigan Workforce Development Agency (WDA)** is the home of Earn and Learn at the state level. After the deadline for drawing down ARRA funds passed, the WDA allocated funding from WIA to pay for participant training and case management; the WDA also contributed Wagner-Peyser funds to support job development staff. The WDA played a lead role in designing Earn and Learn and crafted policy issuances intended to establish program framework, clarify allowable spending, and provide implementation instructions. As program implementation wore on, staff from the WDA provided feedback on program performance, continuous guidance on how public funding could be used, and other advice intended to reinforce program priorities and maintain compliance with program requirements.

To increase buy-in in the region and promote a grassroots intervention, OSF required that **locally-based funders** match their contribution in each city as a condition of Earn and Learn funding. Regional funders met that requirement and used their unique knowledge of the local ecologies to provide insight into program priorities. The following regional funders supported Earn and Learn:

- **The Charles Stewart Mott Foundation** is a private grant-making organization located in Flint seeking to support efforts related to civil society, the environment, the Flint area, and creating and testing pathways out of poverty. Mott's involvement with Earn and Learn was

A diverse cadre of state and local government entities, local nonprofit providers, and both public and private funders carried out the work of operating Earn and Learn.

46. Open Society Foundations. *U.S. Programs*. Available at <http://www.opensocietyfoundations.org/about/programs/us-programs>.

twofold: Mott granted their own funds directly to program administrators in Flint and Saginaw as part of their pathways out of poverty grant-making and they also re-granted Earn and Learn funding from OSF to program administrators in Flint, Saginaw, and Detroit. Leveraging their connections with program administrators in each Earn and Learn city, Mott also organized a multi-site convening to discuss cross-city successes, challenges, and new approaches.

- **The New Economy Initiative for Southeast Michigan (NEI)** is a consortium of ten local and national foundations committed to an 8-year initiative to transition metropolitan Detroit to a knowledge-based economy. NEI contributed funds for the local match in Detroit and helped guide program priorities, particularly the targeting of disconnected individuals.
- **The Skillman Foundation** is a Detroit-based private grant-making organization focused on funding efforts to improve the lives of Detroit children. Skillman is a member of NEI and also contributed its own additional funds for the local match in Detroit.
- **The W.K. Kellogg Foundation** is a private grant-making organization located in Battle Creek seeking to improve the lives of children and families. Kellogg is a member of NEI, contributed its own additional funds for the local match OSF required in Detroit, and helped guide program priorities.

Program administrators led the implementation of Earn and Learn in each region (Figure 2). This leadership included designing an Earn and Learn program tailored to local needs, grant management, program oversight, performance management, and managing funding relationships. In some cases, program administrators also managed the payroll of subsidized wages earned by their participants. The following entities served as program administrators:

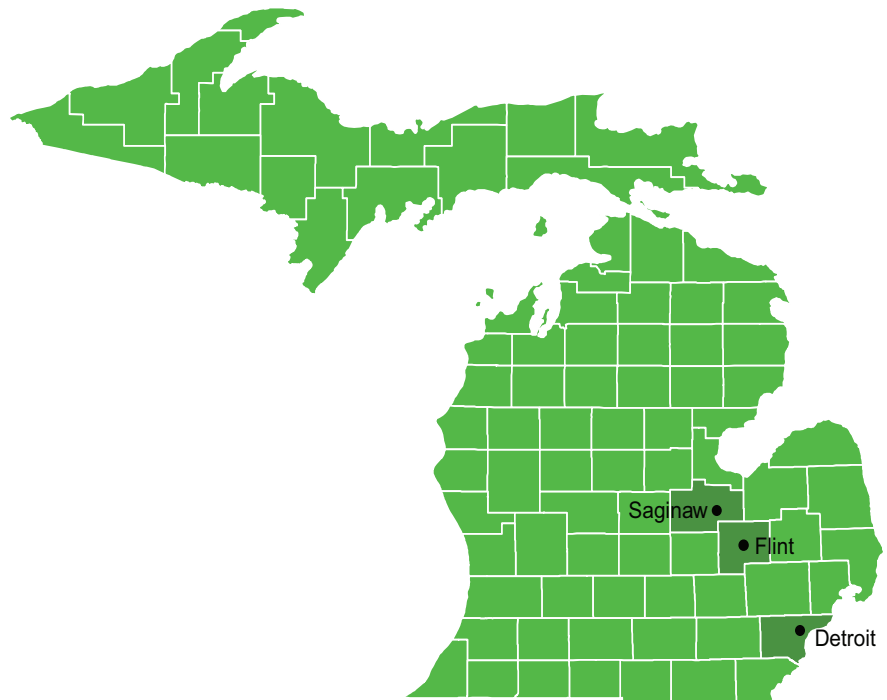
- **Southwest Housing Solutions (SWHS)** is part of a family of nonprofits established to serve disconnected populations in Detroit. Due to the organization's administrative capacity and success at managing large-scale initiatives with a complex web of collaborators, private funders selected SWHS to serve as the program administrator in Detroit. As program administrator, SWHS selected and subcontracted with service providers in Detroit, Dearborn, and Hamtramck, oversaw the administration of Earn and Learn in the region, and managed the Earn and Learn working group—a biweekly convening of service providers, staff from the two MWAs working with Earn and Learn in the region, and participant representatives. As the grantee of private Earn and Learn funding, SWHS managed the philanthropic dollars. Somewhat uniquely due to the organization's administrative capacity, SWHS also directly managed the payroll of subsidized wages.
- **Genesee/Shiawassee Michigan Works!** (formerly known as Career Alliance, Inc.) is the Michigan Works! Agency (MWA) serving Genesee/Shiawassee counties.⁴⁷ As a MWA, Genesee/Shiawassee Michigan

47. Michigan Works! Agencies (MWAs) are part of the state's unified workforce development system, which integrates state and federal funding—including funding from WIA, TANF, Trade Adjustment Assistance, and other public streams that become available. Each county and in some cases, larger cities, have their own MWA responsible for managing the planning, implementation, and delivery of workforce programs in their region. While MWAs recently received permission to provide services to clients, MWAs generally act as administrative bodies that instead identify service providers in the community to act as subcontractors. MWAs are also tasked with staying attuned to the needs of local employers to ensure that the pipeline of workers emerging have relevant skills and experiences. The role of each MWA involved with Earn and Learn varied by city.

Works! is responsible for monitoring, managing and administering public workforce programs in the region. GSMW selected and subcontracted with the Earn and Learn service providers in the Flint area. As a MWA, GSMW managed the public portion of Earn and Learn funding in Genesee County (where Flint is located). As the grantee of Earn and Learn philanthropic funds, GSMW also administered the philanthropic portion of Earn and Learn funding in the region. Through the Wagner-Peyser funds allocated to Earn and Learn, GSMW also employed a job developer working to identify transitional and permanent unsubsidized employment opportunities specifically for Earn and Learn participants, a practice acknowledged as promising in previous research.^{48,49}

EARN AND LEARN PROGRAM SITES

FIGURE 2



- **Great Lakes Bay Michigan Works! (GLBMW)** is a consortium of Saginaw, Midland, and Bay Counties established to monitor, manage, and operate public workforce development programs for the region. GLBMW selected and subcontracted with the Earn and Learn service provider in the Saginaw region. As a MWA and the grantee of Earn and Learn philanthropic funds, GLBMW managed both the private and public portion of Earn and Learn funding for Saginaw. Through the Wagner-Peyser funds allocated to Earn and Learn, GLBMW also employed a job developer co-located at the provider agency working to identify transitional and permanent unsubsidized employment opportunities specifically for Earn and Learn participants, a practice acknowledged as

48. Wagner-Peyser funds allocated to Earn and Learn job developers ended September 30, 2011.

49. Kirby, G., Hill, H., Pavetti, L., Jacobson, J., Derr, M., & Winston, P. (2002). *Transitional jobs: Stepping stones to unsubsidized employment*. Princeton, NJ: Mathematica Policy Research, Inc.

promising in previous research.⁵⁰

The following **Michigan Works! agencies** processed WIA registrations and administered Individual Training Accounts (only used in Detroit):

- **The Detroit Workforce Development Department (DWDD)** was a department of the Detroit city government and functioned as a Michigan Works! agency serving the City of Detroit until June 2012. While serving as a collaborative partner with Detroit service providers and program administrators, DWDD served as part of the regional Earn and Learn working group, provided participant referrals to Detroit providers, played a role in developing transitional job worksites, and promoted Earn and Learn to local employers. Through the Wagner-Peyser funds allocated to Earn and Learn, DWDD also employed a job developer co-located at the provider agencies working to identify transitional and permanent unsubsidized employment opportunities specifically for Earn and Learn participants, a practice acknowledged as promising in previous research.⁵¹
- **Detroit Employment Solutions Corporation (DESC)**, a nonprofit organization, was formed in July 2012 and replaced DWDD as the Michigan Works! agency serving the city of Detroit. As a MWA, DESC contracted with Grant Associates, a private workforce development company, to process WIA registrations and administer state funds in the form of ITAs, which the Detroit region elected to use to fund training for Earn and Learn participants. As a collaborative partner with Detroit service providers and program administrators, Grant Associates served as part of the regional Earn and Learn working group, provided participant referrals to Detroit providers, and promoted Earn and Learn graduates to local employers.
- **Southeast Michigan Community Alliance (SEMCA)** is a nonprofit Michigan Works! agency that serves Monroe and Wayne Counties, excluding the city of Detroit (located in Wayne County). As a MWA, SEMCA processed WIA registrations and administered state funds in the form of ITAs, which the Detroit region elected to use to fund training for Earn and Learn participants. As a collaborative partner with Detroit service providers and program administrators, SEMCA also served as a contributor to the regional Earn and Learn working group, and provided participant referrals to Detroit providers. Through the Wagner-Peyser funds allocated to Earn and Learn, SEMCA also employed a job developer co-located at the provider agencies working to identify transitional and permanent unsubsidized employment opportunities specifically for Earn and Learn participants, a practice acknowledged as promising in previous research.⁵²

Local service providers were responsible for recruiting and screening participants, case management, providing or making referrals for supportive services, adult basic education, ESL classes, and workplace literacy as needed, transitional job and training placement, and supporting participants in their efforts to obtain permanent unsubsidized employment:

- **Focus: Hope** has been a human service provider in Detroit since 1968.

50. Kirby, G., Hill, H., Pavetti, L., Jacobson, J., Derr, M., & Winston, P. (2002). *Transitional jobs: Stepping stones to unsubsidized employment*. Princeton, NJ: Mathematica Policy Research, Inc.

51. Ibid.

52. Ibid.

Focus: Hope offers career training programs and houses extensive training facilities onsite, including an Information Technologies Center and a Machinist Training Institute. As an Earn and Learn provider, Focus: Hope served participants in the Detroit area and also offered training programs for all Detroit participants.

- **Arab Community Center for Economic and Social Services (ACCESS)** provides an array of health and human services, including employment services, youth programs, educational and cultural programs and civic engagement, advocacy, and social entrepreneurship services. ACCESS has served the Detroit, Dearborn, and Hamtramck communities since 1971 and operates a one-stop center for SEMCA. ACCESS served Earn and Learn participants from Highland Park, Hamtramck, and parts of Detroit.
- **Mott Community College (MCC)** is a community college located in Flint. MCC operates a Workforce Education Center adjacent to its Flint campus, and staff at this center operated Earn and Learn and other publicly funded programs. Mott's Workforce Development department became a WIA Employment Services provider in July 2012, which means that they gained the ability to enroll Earn and Learn participants in WIA directly. Mott also runs payroll for the subsidized wages participants earned.
- **Baker College of Flint** is a nonprofit college belonging to the Baker College system, the third largest university system in Michigan. Prior to Earn and Learn, Baker administered a WIA youth program involving subsidized employment. During Earn and Learn, Baker served participants and like Mott, ran payroll for the subsidized wages participants earned.
- **The Arnold Center, Inc.** is a nonprofit organization in Saginaw that provides case management and other non-education and training services. It was established in 1967 to provide employment and training services for people with disabilities in Midland, Bay, and Saginaw Counties, and has served as a contractor for Job Training Partnership Act (JTPA), WIA, and TANF employment services and case management. The Arnold Center was the Earn and Learn service provider in the Saginaw region and also set up a separate limited liability company (LLC) to pay the subsidized wages of Earn and Learn participants directly.

Implementation Variations

The WDA's policy issuance allowed the MWAs and local providers substantial discretion in designing their version of the Earn and Learn program best suited to local conditions, which resulted in a number of notable differences in program design across the three cities. Appendix C contains a table that outlines these differences in detail.

The Detroit program differed from the Flint and Saginaw programs primarily in the following ways:

- **Multiple ITAs:** Detroit used WIA Title I Individual Training Accounts (ITAs) to fund education and training. ITAs allow participants to use a

voucher of up to \$5,000 to attend training/education from an eligible provider. Each participant was eligible to use up to three ITAs: the first paid for certifications earned through work readiness training, the second could be used to pay for adult basic education, and the third for vocational or occupational training.

- **Work Readiness Curriculum:** Prior to enrolling in a transitional job or occupational training, participants were required to attend a mandatory 4-week course (160 hours) taught at a local community college. Topics included communication, customer service, computer literacy, financial literacy and budgeting, and job search and application skills. Upon completion, participants earned certifications in First Aid, CPR, and Michigan OSHA workplace safety, as well as a stipend for attending. Given that nearly a quarter (23 percent) of Detroit residents over 25 years old have less than high school degree, this rigorous requirement was likely a necessary step to moving into transitional employment and industry-focused occupational training.⁵³
- **Lack of Sector Focus:** Flint and Saginaw used other funding streams to provide training in energy conservation and green construction and place participants with construction, demolition, rehabilitation, and related employers; by contrast, the Detroit program was not sector-focused.
- **Employer Reimbursement:** Employers were required to take Earn and Learn participants onto their own payrolls and would subsequently be reimbursed by SWHS for wages during the subsidized job period. While this may have initially been a tough sell to employers, there is evidence that this arrangement leads employers to have an increased stake in training and supporting transitional jobs participants.⁵⁴

The Saginaw version of Earn and Learn differed slightly from the other sites primarily in the following ways:

- **Selection:** A panel of representatives from the Arnold Center, Delta College, and a faith-based organization interviewed participants to determine whether they should enter the program. Panel interviews had been used to select participants for prior GLBMW programs and appeared to be a successful method for gauging participants' level of commitment to the program.
- **Payroll Process:** To minimize organizational liability risk to both the Arnold Center and GLBMW, GLBMW set up a limited liability corporation to pay subsidized wages to Earn and Learn participants.

The Flint program differed from Detroit and Saginaw primarily in the following ways:

- **Less Use of Work Readiness Training:** Program orientation in Flint briefly covered teamwork, customer service, and other general work-related topics. Only participants found at orientation to lack the soft skills needed to begin employment were required to attend a weekly "job club" covering soft skills until they were work-ready. They could also attend additional work readiness workshops if deemed necessary.

53. U.S. Census Bureau's 2010 Census. Available at <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

54. Farrell, M., Elkin, S., Broadus, J., & Bloom, D. (2011). *Subsidizing employment opportunities for low-income families: A review of state employment programs created through the TANF Emergency Fund*. New York: MDRC.

In implementation, most participants did not attend any additional work readiness training.

- **Funding for Training:** To provide training and conserve Earn and Learn funds, the Flint Earn and Learn initiative used State Energy Sector Partnership (SESP) and Pathways Out of Poverty (Pathways) grants to pay for training and Earn and Learn funds to pay for subsidized employment for Earn and Learn participants:
 - SESP grants were ARRA funds awarded to states for the purpose of teaching skills required by emerging energy-efficiency and renewable-energy industries.⁵⁵ Mott Community College and Baker College of Flint used SESP grants to fund energy-conservation-related training for Earn and Learn participants.
 - Pathways grants were ARRA funds awarded to private organizations to help disadvantaged populations overcome poverty through employment in energy-efficiency and renewable-energy industries.⁵⁶ Mott Community College used Pathways grants to fund green-construction-related training for Earn and Learn participants.
- **Training and Transitional Employment Sequence:** Participants combined education/training and subsidized employment in a sequence that fit their preferences and the preferences of employers. Whereas the Detroit and Saginaw sites originally required participants to undergo education/training and subsidized employment concurrently, Flint participants were allowed to undergo these program components concurrently, complete one component first, or move back and forth between education/training and employment. For example, some employers preferred that participants complete some training before subsidized employment in order to show commitment, and some participants wanted to get training “out of the way” before subsidized employment.

Due to the fact that each city applied for funding and operated independently from each other, each city made different implementation decisions based on differing regional needs, organizational capacity to absorb risk, program realities, and participant realities. This between-region variation in implementation coupled with the fact that each city strayed from a strict rendering of the program model in different ways and to different degrees problematizes the notion of Earn and Learn as one united program or model.

55. U.S. Department of Labor (2010). *American Recovery and Reinvestment Act of 2009: State Energy Sector Partnership (SESP) and training grants*. Washington, DC: Author.

56. U.S. Department of Labor (2010). *U.S. Department of Labor announces \$150 million in 'Pathways Out of Poverty' training grants for green jobs*. Available at <http://www.dol.gov/opa/media/press/eta/eta20100039.htm>

SPOTLIGHT: PROGRAM COMPONENTS

ADULT BASIC EDUCATION

Some occupational training opportunities participants were interested in required GEDs or Test of Adult Basic Education (TABE) scores at a particular level. When it became clear that some participants were not able to meet these requirements, providers helped bridge the gap by matching participants with a variety of adult basic education options—including GED prep, targeted assistance with math or reading skills, or TABE review classes.

CASE MANAGEMENT

Participants were each assigned a case manager and a job coach. Case managers assessed barriers and goals, helped access supportive services, and developed individualized training plans along with the participant. Job coaches assessed career interests and provided support both with completing transitional jobs and obtaining unsubsidized employment.

TRANSITIONAL JOB

Participants were matched with transitional job experiences intended to provide a supportive environment in which to earn wages, increase soft skills, and gain recent work experience—ideally in a field related to training.

UNSUBSIDIZED JOB

Participants were matched with permanent unsubsidized jobs, sometimes at their transitional worksite and sometimes in other occupations that may or may not have been related to their transitional jobs or training.



WORK READINESS

Generally included seminars on workplace etiquette, tips on resume writing and interviewing, and other activities intended to smooth the transition from unemployment to working.

SUPPORTIVE SERVICES

Earn and Learn providers offered a range of supportive services intended to mitigate common barriers to employment among the target population, including affordable childcare referrals, transportation assistance, health referrals, assistance with record expungement, and housing referrals.

OCCUPATIONAL TRAINING

Occupational training programs varied from program site to program site. Training programs lasted anywhere from one-week internships to semester-long credits going toward a bachelor's degree. Participants who entered occupational training pursued training in a wide range of industries—from architectural design to social work to broadcasting.

PARTICIPANT CHARACTERISTICS AND BARRIERS TO WORK

The average Earn and Learn participant at the time of entry into the program was 31 years old, male, never married, childless, and African American. True to the program's intent, in practice Michigan Earn and Learn did seem to target people with significant barriers to employment, including sparse work histories, criminal records, low education levels, as well as transportation challenges, housing instability, and substance abuse. While the principle focus of this chapter is on characteristics of participants across cities, notable differences at the city level are highlighted as well.

Earn and Learn's designers intended for the program to reach some of the most disadvantaged job seekers who tend not to be served by other workforce programs. Specifically, the program targeted:

- young, urban, minority men disconnected from the formal labor market and traditional education system,
- men just coming out of prison with little or no work experience and little opportunity to engage in education or training on their own, and
- other chronically unemployed individuals, since such individuals would be unlikely to gain employment even after economic growth and hiring improved.

In addition to these broad requirements set out across the board, cities had the flexibility to set additional requirements to meet their regional needs: Saginaw elected to add a strict income requirement mandating that all participants have income either below the federal poverty line or 70 percent of WIA's income standard, the Lower Living Standard Income Level. Similarly, as a city with a much higher concentration of disconnected youth minorities than Flint or Saginaw, Detroit set out to primarily serve young urban minority males between the ages of 18 and 24.⁵⁷

To recruit intended participants, providers relied upon referrals from faith-based organizations, community outreach, and participant word of mouth. The participants providers recruited tended to match their intended participant profile. While one could argue that individuals who have enrolled in college courses—as many Flint participants had—were not exactly disconnected from the traditional education system, providers reported that for their low-income students, work often comes before coursework, and therefore these students often struggle to complete any level of degree. In the first few months of programming, some providers struggled to engage young urban minority males and formerly incarcerated participants—not a population they had usually served. As word of the program got out, however, most providers had more participant interest among the targeted groups than they could accommodate.

57. Share of the population that is minority: 25 percent in Saginaw, 63 percent in Flint, and 90 percent in Detroit. U.S. Census Bureau's 2010 Census, available at <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

True to the program's intent, in practice Michigan Earn and Learn did seem to target people with significant barriers to employment, including sparse work histories, criminal records, low education levels, as well as transportation challenges, housing instability, and substance abuse.

Demographics

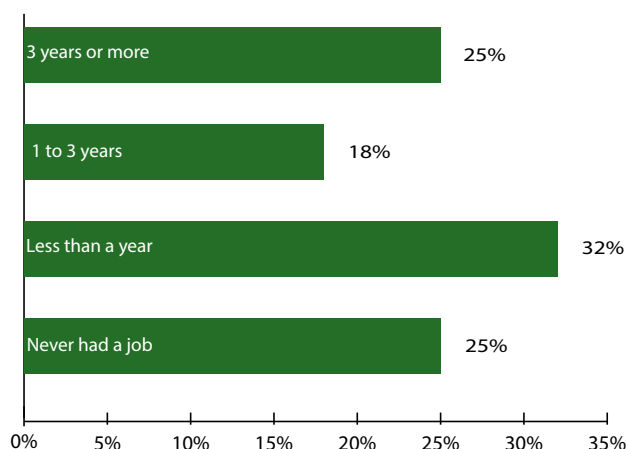
Earn and Learn participants were male and female, ranged in age from 19 to 71, and identified as African American, American Indian, Asian, Latino, and White. A full 42 percent of Earn and Learn participants fell into the age category of 18 to 24. On average, however, the 1,295 Earn and Learn participants tended to be around 31 years old, male, never married, childless, and African American. Though men were primarily targeted, a full 36 percent of Earn and Learn participants were female, alluding to the gap in services left by the elimination of Jet Plus.⁵⁸ Detroit served slightly younger participants, on average 28 years old, while Flint served slightly older participants, 36 years old on average. Saginaw participants tended to hover around the program-wide average at 32 years old. Perhaps as a result of tending to be slightly older, 63 percent of Saginaw participants and 51 percent of Flint participants had children under 18, in contrast to 27 percent of Detroit participants.

Work Histories

Though Earn and Learn participants were all working age or just passed it, a full quarter of participants had never had a job where they earned regular paychecks before Earn and Learn. Of those who had ever been employed in the formal labor market, for 32 percent—the largest share—the longest they'd ever held a job was less than a year (Figure 3). In comparison with the other sites, Detroit served individuals with the least extensive work histories, as a slightly higher percentage (31 percent) of Detroit participants never held a job, and of those who had, the majority (51 percent) had held their longest job for less than a year.

Of all Earn and Learn participants who had work experience, 16 percent had been out of work for 1 to 2 years, and 32 percent had been out of work for over 2 years prior to enrolling in Earn and Learn (Figures 4-5). This lack of employment stability likely speaks not only to these individuals' barriers to work, but also the relative instability and interchangeability of workers in the low-skill/low-wage labor market—particularly in a market containing few jobs.

**EARN AND LEARN PARTICIPANT WORK HISTORY
BY LONGEST JOB IN FORMAL LABOR MARKET**
FIGURE 3 (n=803)

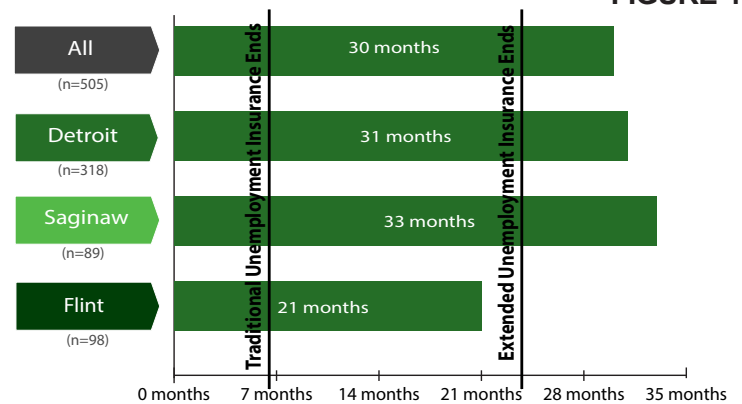


58. Jet Plus was a subsidized jobs and training program primarily targeted at women with TANF-eligible dependents. Earn and Learn was envisioned as a sister effort targeted at those who would not be reached by Jet Plus—primarily disconnected men. However, the Michigan legislature defunded Jet Plus in fiscal year 2011, at about the same time Earn and Learn kicked off.

This disadvantage is brought into sharp focus when considering that the longer someone is unemployed, the less likely they are to secure employment in the future. Indeed, national research suggests that between the first and eighth month of unemployment, those unemployed of any and all skill levels become 45 percent less likely to even be called for an interview, let alone get offered a job.⁵⁹ Hence, Earn and Learn participants with their very slim work histories and extended unemployment were likely to have a more difficult time than most in finding work. Considering the documented hiring discrimination experienced primarily by low skill African Americans across industries and occupations, the universal difficulty in obtaining employment as an individual with little experience or skills was for the majority of Earn and Learn participants likely to be compounded by racial discrimination.⁶⁰

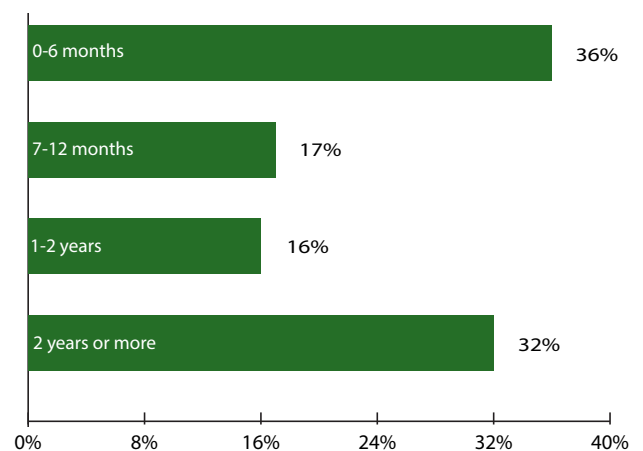
EARN AND LEARN PARTICIPANTS BY AVERAGE LENGTH OF UNEMPLOYMENT

FIGURE 4



LENGTH OF UNEMPLOYMENT PRIOR TO EARN AND LEARN

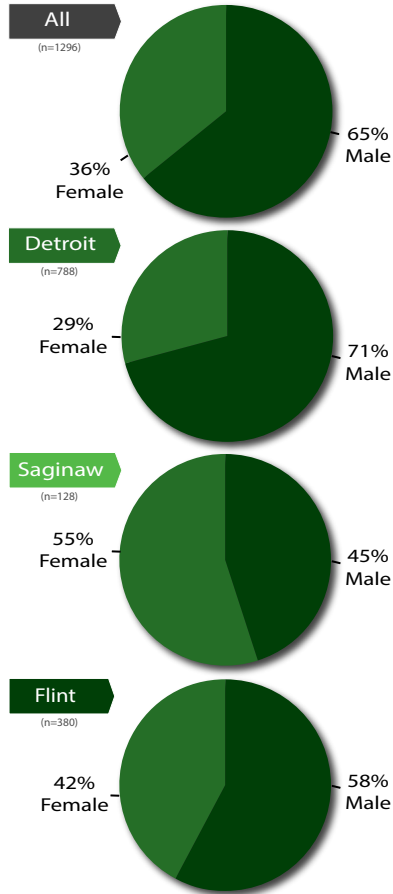
FIGURE 5 (n=459)



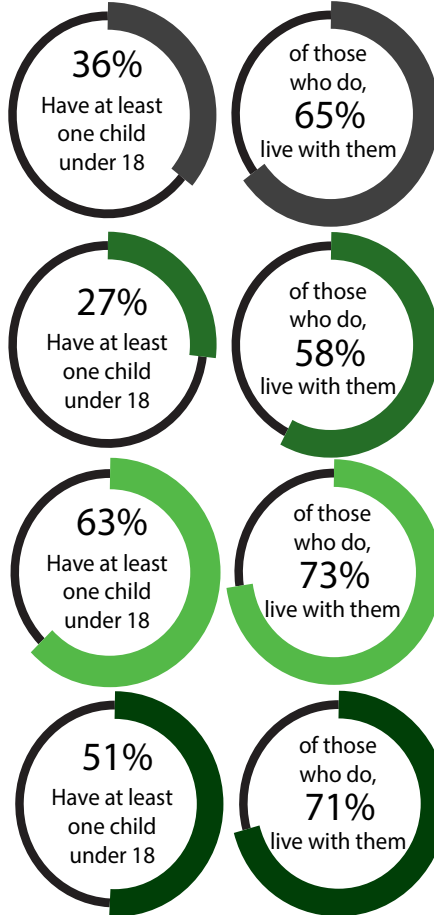
59. Kroft, K., Lange, F., & Notowidigdo, M.J. (2012, September). *Duration dependence and labor market conditions: Theory and evidence from a field experiment*. NBER Working Paper No. 18387. Cambridge: The National Bureau of Economic Research.
60. e.g., Bertrand, M., & Mullainathat, S. (2002). *Are Emily and Brendan more employable than Lakisha and Jamal?* Chicago, IL: University of Chicago Graduate School of Business; Turner, M.A., Fix, M., & Struyk, R. (1991). *Opportunities denied, opportunities: Racial discrimination in hiring*. Washington, DC: Urban Institute; Holzer, H. (1996). *Employer hiring decisions and antidiscrimination policy*. East Lansing, MI: Michigan State University Department of Economics.

EARN AND LEARN PARTICIPANT CHARACTERISTICS BY CITY

GENDER



CHILDREN UNDER 18



AGE

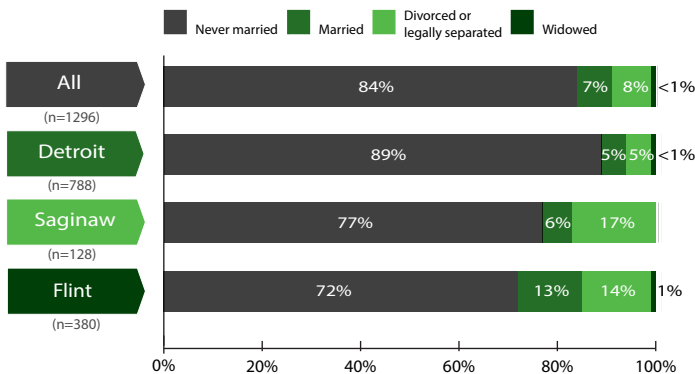


28 years 24 years

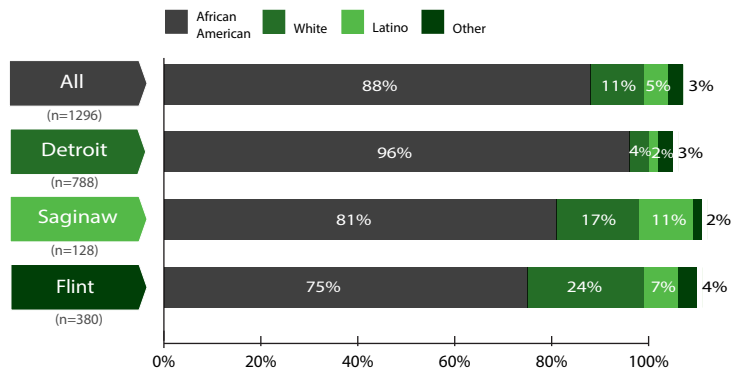
32 years 28 years

36 years 33 years

MARITAL STATUS



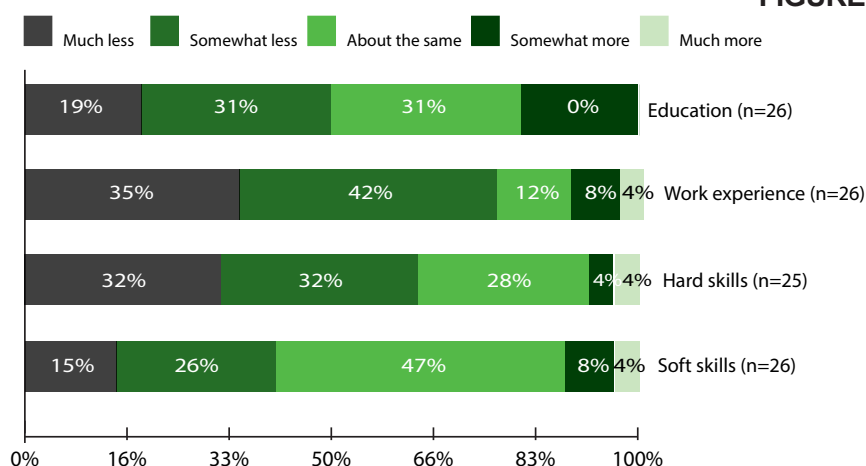
RACE



Consistent with the program's target population, transitional job worksite supervisors reported that Earn and Learn participants tended to have less work experience and possess fewer or many fewer hard skills than their typical employees. Perhaps reflecting effective application of work readiness training prior to entering the transitional job, supervisors indicated that participants had about the same level of soft skills as individuals they would normally hire (Figure 6).⁶¹

EMPLOYER PERCEPTIONS OF EARN AND LEARN PARTICIPANT EDUCATION, WORK EXPERIENCE, AND SKILLS RELATIVE TO TYPICAL EMPLOYEES

FIGURE 6



Criminal Backgrounds

Over a third of participants across sites had spent time in prison, jail, or juvenile detention before becoming involved in Earn and Learn—a history that research consistently finds to negatively impact employment (Figure 7).⁶² Evidence suggests that regardless of length of stay, incarceration can erode a worker's employability, both in terms of the associated stigma on the part of employers as well as the delays in formal education and the erosion of hard skills, soft skills, and positive social networks often experienced by the individual.

Among groups traditionally regarded as hard-to-employ, including high school dropouts, welfare recipients, and formerly incarcerated individuals, employers feel least favorably toward the formerly incarcerated.⁶³ Further, even among the formerly incarcerated, employer preferences play out inequitably along racial lines: when hiring for entry level positions, employers are more likely to consider a White applicant with a record than an African American applicant

61. In Saginaw and Detroit participants completed mandatory work readiness training before being matched with subsidized employers, while in Flint staff referred participants in need of work readiness training to relevant seminars. So it is possible that employers may actually be commenting on the effectiveness of that training.

62. Holzer, H. (2007, October). *Collateral costs: the effects of incarceration on the employment and earnings of young workers*. Discussion Paper No. 3118. Bonn, Germany: IZA; Schmitt, J., & Warner, K. (2010, November). *Ex-offenders and the labor market*. Washington, DC: Center for Economic and Policy Research.

63. Holzer, H. J., Raphael, S., & Stoll, M. A. (2003, May). *Employment barriers facing ex-offenders*. Presented at Urban Institute's Reentry Roundtable, Employment Dimensions of Reentry: Understanding the Nexus between Prisoner Reentry and Work. Washington, DC: Urban Institute.

without a record.⁶⁴

This all suggests that with its emphasis on the formerly incarcerated and minorities, Earn and Learn was indeed serving those among the very hardest-to-employ. Of the 34 percent of Earn and Learn participants with a criminal record, over half were single-time offenders. The majority (80 percent) of formerly incarcerated participants had been released within the last two years, rendering them some of the most difficult to employ among the formerly incarcerated, as there is evidence that employers who are willing to hire individuals with a background generally prefer those whose justice system involvement was further in the past.⁶⁵

Saginaw served the highest proportion of formerly incarcerated individuals—47 percent compared to 35 percent in Flint and 31 percent in Detroit. Mirroring the trend across all sites, of Saginaw participants who had been incarcerated, over half (58 percent) had been released within the last 2 years, again speaking to their status as some of the hardest-to-employ.

Overall, employers reported that Earn and Learn participants had criminal records at about the same rate as individuals they typically hire (Figure 8). Flint and Detroit diverged at the site level, as Flint employers most frequently reported that Earn and Learn workers had much fewer criminal records than their typical employees, while Detroit employers most frequently reported that Earn and Learn workers had somewhat more criminal records than typical employees. In Saginaw, which of the three cities contains the largest population of formerly incarcerated individuals, employers tended to indicate that their Earn and Learn employees were just about as likely to have a criminal record as their typical employees. These discrepancies may suggest that providers in Flint and Saginaw targeted employers that were already working with formerly incarcerated individuals.

Education Levels

Many low-income individuals attend college at some point, but completion rates are quite low due to lack of affordability, insufficient financial aid, and poor K-12 preparation.⁶⁶ As an additional challenge, low-income individuals often have to work while enrolled, which renders attendance and homework completion difficult in settings with limited course offerings or flexibility.

EARN AND LEARN PARTICIPANTS WITH HISTORY OF INCARCERATION BY CITY

FIGURE 7

	All	Detroit	Saginaw	Flint
	(n=845); (n=231); (n=246)	(n=565); (n=140); (n=156)	(n=121); (n=47); (n=38)	(n=159); (n=44) (n=51)
Been incarcerated	34%	31%	47%	35%
Single incarceration	52%	61%	43%	34%
Released in last 2 years	62%	72%	58%	33%

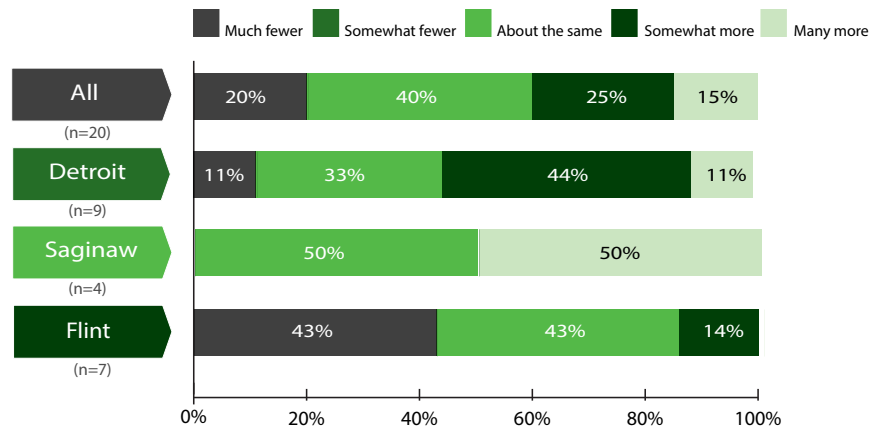
64. Pager, D. (2002). *The mark of a criminal record*. Madison, WI: Department of Sociology, University of Wisconsin.

65. Bloom, D., Redcross, C., Hsueh, J., Rich, S., & Martin, V. (2007). *Four strategies to overcome barriers to employment*. New York: MDRC.

66. Walton Radford, A., Berkner, L., Wheelless, S.C., Shepard, B., & Hunt-White, T. (2010, December). *Persistence and attainment of 2003–04 beginning postsecondary students: After 6 years*. Washington, DC: National Center for Education Statistics; Hamilton, G., & Scrivener, S. (2012). *Facilitating postsecondary education and training for TANF recipients*. Washington, DC: Urban Institute.

EMPLOYER PERCEPTIONS OF EARN AND LEARN PARTICIPANT CRIMINAL RECORDS RELATIVE TO TYPICAL EMPLOYEES

FIGURE 8



Earn and Learn participants demonstrate this reality: prior to the program 40 percent of participants had attended some college, despite being identified as skills-deficient or hard-to-employ (Figure 9). Another 30 percent of participants had only a high school diploma or GED, a level of education generally associated with stagnant wages in today's economy.⁶⁷ Detroit participants were slightly more likely to have ended their education at the high school/ GED level and slightly less likely to have some college under their belts than participants in other cities. Detroit also served the highest proportion of individuals without high school degrees. Though 79 percent in total had completed high school or had schooling beyond it, the average Detroit participant scored below an eighth grade level for math (7.2) and just above an eighth grade level for reading (8.3 percent), further demonstrating the skill deficiencies present among Detroit participants.⁶⁸

EDUCATIONAL ATTAINMENT OF EARN AND LEARN PARTICIPANTS

FIGURE 9

	All (n=137)	Detroit (n=63)	Saginaw (n=17)	Flint (n=65)
Less than high school diploma/GED	15%	16%	13%	9%
High school diploma/GED	29%	37%	44%	30%
Vocational training	7%	6%	6%	9%
Some college	40%	35%	44%	34%
Associate degree	7%	2%	6%	22%
Bachelor's degree or higher	3%	2%	6%	5%

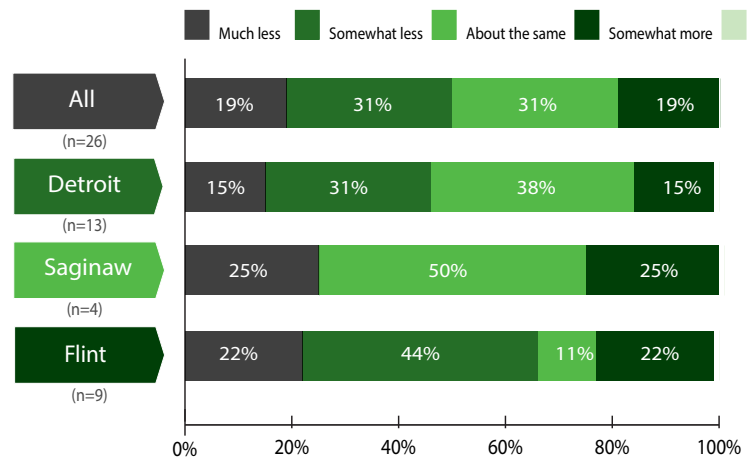
67. Mishel, L., Bivens, J., Gould, E., & Shierholz, H. (2012). *The state of working America 12th edition*. Ithaca, NY: Cornell University Press.

68. These figures are based on Test of Adult Basic Education (TABE) scores and are only available for Detroit participants.

Transitional employers most frequently reported that Earn and Learn participants tended to have about the same level of education or be less educated than individuals they would normally hire, which is somewhat surprising. The notion that Earn and Learn participants had about the same level of education as typical employees at the transitional job sites suggests that some of the TJs were fairly low-skilled or low quality positions. However, it is also important to note that in some cases Earn and Learn participants completed occupational training prior to beginning their transitional job, in which case the employer could be referring to the level of education/training the participants had after completing that portion of the program. In contrast to the other cities, however, Flint employers most frequently indicated that Earn and Learn participants had somewhat less education than their typical employees, which again, may speak to the quality of the transitional jobs Flint participants were working (e.g., requiring more skills) (Figure 10).

EMPLOYER PERCEPTIONS OF EDUCATION LEVEL OF EARN AND LEARN PARTICIPANTS RELATIVE TO TYPICAL EMPLOYEES

FIGURE 10



Other Barriers to Work

There are a host of other barriers, many of which are situational or environmental, that layer on top of the more obvious barriers of work histories, low education, and criminal records to greatly impact work success. Research indicates that as the number of barriers to work increases, the likelihood that a person will get and keep a job decreases.⁶⁹

Reliable transportation was a major concern across sites (Figure 11). A majority of participants (56 percent) did not have their driver's license when they entered Earn and Learn and 44 percent did not have access to a car. Detroit participants tended to experience transportation barriers at a slightly higher rate, as nearly two thirds of participants did not have their driver's license, and over half did not have access to car.

69. Danziger, S., et. al. (2000). Barriers to employment among welfare recipients. In Cherry, R. and Rodgers, W.M. (eds). *Prosperity for all? The Economic boom and African Americans*. New York, NY: Russell Sage Foundation.

EARN AND LEARN PARTICIPANT TRANSPORTATION BARRIERS

FIGURE 11

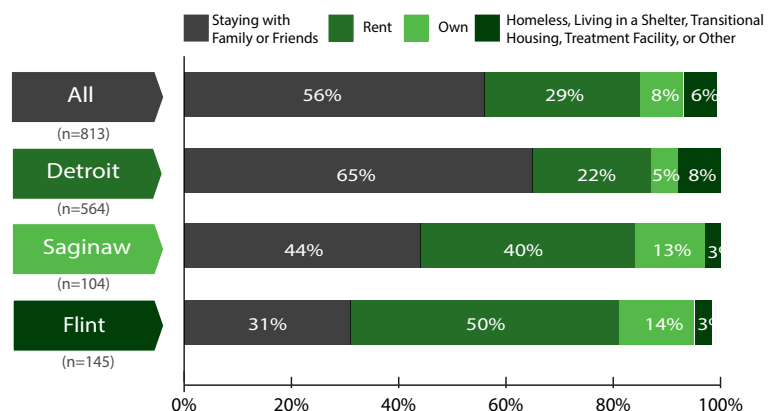
	All (n=845)	Detroit (n=575)	Saginaw (n=128)	Flint (n=147)
No driver's license	56%	63%	43%	40%
No access to car	44%	53%	26%	23%

While securing reliable transportation is often a challenge among low-income populations in general, Detroit's skeleton mass transit system in particular has been cited for "poor reliability" and "inefficient operation," which only compounds the challenge faced by participants forced to rely on public transportation to get to work, training, and program activities on time.⁷⁰ The spatial mismatch between jobs available (mostly in the suburbs) and where participants live in Detroit was also a concern.⁷¹ This concern was confirmed by employers and program staff across sites, many of whom pointed to unreliable transportation as the number one barrier to participant success in the program.

Living situations also presented a barrier for some Earn and Learn participants. Research has consistently demonstrated that housing stability is key to success in employment.⁷² Yet, a majority (56 percent) of participants across sites were staying with friends or family when they entered the program, a living situation that can provide a supportive environment but also may prove to be chaotic and tenuous (Figure 12). In some instances, participants were moving around between different friends and family. Flint participants appeared more stably housed than other Earn and Learn participants: half (50 percent) of them stayed in a house or apartment they themselves rented. As would be expected among a disconnected and/or chronically unemployed population, few Earn and Learn participants (6 percent overall) stayed in a house or apartment that they owned.

LIVING SITUATION AT PROGRAM ENTRY

FIGURE 12



70. Applegate, C. (2011). *Detroit: An analysis of problems and solutions*. Chicago: American Planning Association.

71. Allard, S. & Danziger, S. (2003). *Proximity and opportunity: How residence and race affect the employment of welfare recipients*. Ann Arbor, MI: University of Michigan Gerald R. Ford School of Public Policy.

72. Culhane, D.P. Metraux, S., & Hadley, T. (2002). Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing: The New York Initiative. *Housing Policy Debate*, 13(1), 108-139.

Substance abuse can be another barrier to both getting and keeping a job since many employers perform drug testing and on the job performance may suffer. While less than 10 percent of all participants had been in treatment for drug or alcohol abuse, 36 percent of the individuals who had been in treatment had been multiple times, suggesting a persistent substance abuse barrier.

In short, as envisioned by program designers, Earn and Learn successfully reached individuals who were experiencing a multitude of personal, societal, and structural barriers to obtaining and maintaining employment.

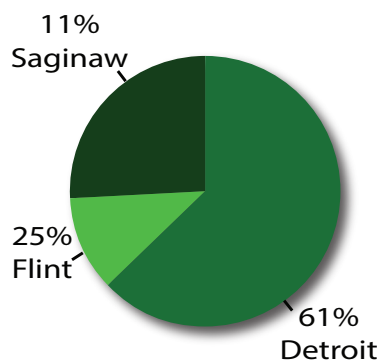
OUTCOMES AND EXPERIENCES

Earn and Learn served 1,295 people with at least one program component—work readiness training, occupational training, supportive services, or a transitional job. Nearly 900 people worked in a transitional job, earning on average over \$3,000 per person. 405 participants successfully completed occupational training, and 281 participants earned credentials or industry-recognized certificates. Earn and Learn participants demonstrated an impressive unsubsidized employment rate of 77 percent. Both participants and employers involved in the program speak of Earn and Learn giving them a boost during a difficult economic time.

EARN AND LEARN SHARE OF TOTAL ENROLLMENT

BY CITY

FIGURE 13 (n=1295)



In addition to securing permanent unsubsidized employment and increasing self-sufficiency, there are a variety of other outcomes that can constitute success in the context of a transitional jobs program, particularly an enhanced TJ such as Earn and Learn that also includes education or training. Among them are outcomes that have the potential to increase a person's marketability in the workforce and advance their economic standing, and they include successfully completing structured work readiness training, successfully completing occupational training, gaining credentials and certifications, gaining recent work experience by participating in a transitional job, reduced recidivism, and decreased dependence on public benefits.⁷³

A total of 1,295 people enrolled in the Earn and Learn program in the first year and a half of programming, the timeframe for this report's analysis.⁷⁴ True to their relative population sizes, Detroit ran the largest Earn and Learn program, with nearly two thirds of the total enrolled population, while Flint and Saginaw enrolled smaller shares—25 percent and 11 percent, respectively (Figure 13).

No two Earn and Learn participants experienced the program in the same way. That is to say that program staff and participants together tailored a unique program plan for each participant that best fit his or her unique goals and program component availability. For some participants this meant experiencing the program as originally designed—i.e., proceeding from work readiness training to concurrent enrollment in occupational training and a transitional job. Others went straight to a transitional job. Some participants found that the training or transitional job they were interested in required that they first complete adult basic education. All together, the most commonly experienced program components were work readiness training and transitional jobs (Figure 14).

Work Readiness Training

The majority (65 percent) of Earn and Learn participants completed some type of work readiness training, which generally includes seminars on workplace etiquette, tips on resume writing and interviewing, and other activities intended to smooth the transition from unemployment to working. As a required component of Detroit's iteration of Earn and Learn, all Detroit participants were required to complete a 4-week course in work readiness training before moving on to occupational training or a transitional job. Similarly, Saginaw

73. Though originally slated for inclusion in this evaluation, data on public benefit usage and recidivism was not made available to evaluators. See Appendix B for more information.

74. Data collected from the Flint sites represents the first 19 months of programming.

EARN AND LEARN PARTICIPANT OCCUPATIONAL TRAINING FIGURE 15 (n=533)

Type of Training	Pct of Participants
Health	23.7%
Green Energy Management	17.0%
Trucking	8.4%
IT	7.3%
Clerical	7.3%
Welding	6.4%
Food service	5.6%
Manufacturing	5.0%
Design & Communication	4.3%
Custodial	3.0%
Automotive Service & Technology	1.9%
HVAC	1.7%
Customer service	1.7%
Graphic design	1.1%
Architectural design	1.1%
Construction	0.7%
Criminal justice	0.6%
Business	0.6%
Social work	0.4%
Electrician	0.4%
Computer-Assisted Design	0.4%
Plumbing	0.2%
Logistics	0.2%
Journalism	0.2%
Hospitality	0.2%
Fitness	0.2%
Education	0.2%
Carpentry	0.2%
Broadcasting	0.2%

displayed a similar rate of 94 percent work readiness training completion. On the other hand, Flint program staff had the discretion to determine if participants needed work readiness training beyond the hour or so that is covered in program orientation, and as a result, only 5 percent of Flint participants attended additional work readiness seminars.

According to nearly half of transitional employers across sites (47 percent), Earn and Learn participants had about the same, somewhat more, or many more soft skills as people they would typically hire, which suggests not only the various levels of work readiness training offered were effective among those who attended but also that the participants deemed by providers as not needing work readiness truly did not.

Occupational Training

The length of occupational training programs and the variety of the programs that Earn and Learn funds supported varied quite a bit. Training programs lasted anywhere from one-week internships to semester-long credits going toward a bachelor's degree. The 565 participants who entered occupational training pursued training in a wide range of industries—from architectural design to social work to broadcasting (Figure 15). The most popular training programs were clustered in healthcare, green energy management, and trucking.

Fifty-four participants (less than 10 percent of those who enrolled in occupational training) went on to enroll in second, third, and even fourth short-term occupational training programs. Most of these auxiliary trainings tended to be either very closely related to previous training (33 percent), such as a review course for the test to become certified as a nursing assistant or earning additional certifications in the same industry as the first training program completed, or to be more generalized, such as training to increase math or typing skills (48 percent).

Of the participants who entered occupational training, 405 (83 percent) successfully completed it.⁷⁵ Participants most frequently earned industry-recognized credentials such as Certified Nursing Assistant, a Class A

PARTICIPATION IN EARN AND LEARN PROGRAM COMPONENTS FIGURE 14 (n=1295)

Program Component	Entered	Completed	Completed
		Those who entered	All participants
Work readiness training	71% (n=1,274)	93%* (n=902)	65%* (n=1,264)†
Occupational training	43% (n=1,296)	83% (n=488)	32% (n=1,137)
Adult basic education	8% (n=1,296)	95% (n=76)†	6% (n=1,274)†
Transitional job	69% (n=1,276)	Unavailable	Unavailable
Supportive services	16% (n=1,296)	N/A	N/A

*Only ACCESS and Saginaw have provided data on who entered JRT but did not finish it.

†Excludes in progress at the time of data collection.

75. Occupational training completion data were not available for 16 percent of participants due to data missing from program records, so this rate reflects only the 488 participants for whom data were available.

**TOP FIVE
CREDENTIALS
OBTAINED THROUGH
EARN AND LEARN**
FIGURE 16
(n=263)

Credential	
Certified nursing assistant	16%
Class A commercial driver's license	10%
Gas metal arc welding certificate	10%
Building science academy certificate	7%
Certification in dining services & bartending	6%

Commercial Driver’s License, and a Gas Metal Arc Welding Certificate (Figure 16). Though the program was designed to allow participants to attend occupational training while working in transitional jobs, nearly a quarter (24 percent) of participants did not enroll in the two activities concurrently. Of those who ultimately enrolled in both, 15 percent began solely in occupational training. Of those who successfully completed occupational training, 12 percent then moved on to a transitional job. Ten percent went on to pursue additional credentials or to brush up on basic skills, and the remaining participants worked on securing unsubsidized employment. On the other hand, 13 percent of participants completed their transitional job first and then went on to occupational training.

Regardless of the order in which they completed them, participants who had completed training and their transitional job but had not yet secured unsubsidized employment were still eligible to receive supportive services and were encouraged by providers to stay engaged. At all sites, participants were encouraged to frequently check in with job developer staff for job leads and/or attend regular meetings with staff and other participants searching for employment (sometimes referred to as “job club”) to share leads and encourage one another.

Having children under 18 may have been a barrier to completing training, as parents were less likely than non-parents to finish (Figure 17).⁷⁶ This association was observed for both custodial and non-custodial parents, which may suggest that not only the difficulty often associated with securing consistent and affordable childcare was a factor, but also perhaps that the general demands and stressors of parental duties played a role in participants’ ability to complete training.

Overall, however, individuals with significant barriers to employment—including mental health issues, physical health issues, incarceration history, and low literacy levels—completed training at about the same rate as those without, suggesting that service providers did an effective job of ensuring participants had the support they needed to be successful in training. On the positive side, staying in the home of family or friends—as opposed to living in a shelter, transitional housing, being homeless, or even renting or owning one’s own house—seems to have positively contributed to occupational completion training rates, as participants staying with family or friends completed training at a rate higher than those with alternative housing arrangements (Figure 17).⁷⁷

Adult Basic Education (ABE)

In some cases, participants did not meet the minimum requirements—such as having a GED or testing at a particular grade level—for the training programs or transitional jobs in which they were interested.⁷⁸ Providers responded by matching 98 participants with a variety of adult basic education options—including either GED prep, targeted assistance with math or reading skills, or TABE review classes (Figure 18).

GED prep and other ABE can go on for long stretches—from several months to over a year—which may have delayed participant progression through the

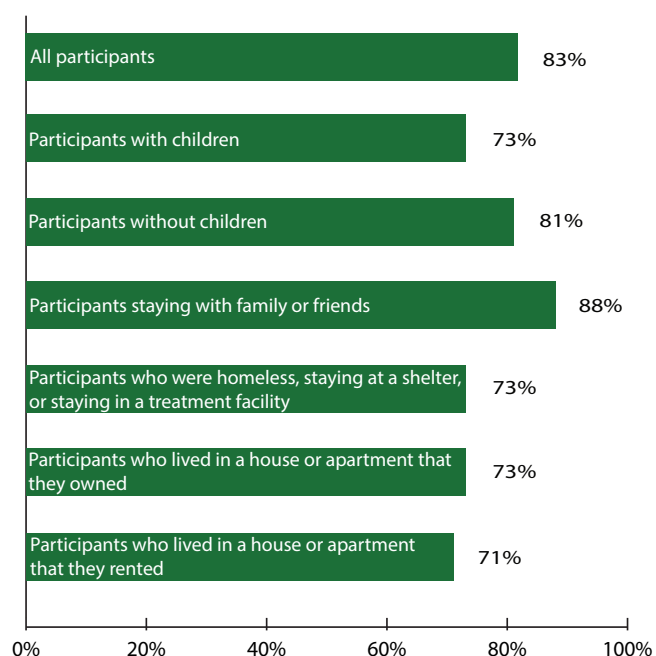
76. More specifically, a statistically significant relationship between having children under 18 and successfully completing training was observed in the direction of less success among participants with children under 18.
77. More specifically, a statistically significant relationship between housing status and training completion rates was observed in the direction of more success among participants staying with family or friends.
78. Grade levels were measured by the Test of Adult Basic Education (TABE). The TABE assessment is a standardized test that measures math and reading ability at approximate grade levels.

program more than expected.

These delays may have caused participants to lose out on the opportunity to enroll in occupational training or get a transitional job, e.g., because those opportunities were filled by someone else or because the program was ending. Consistent with that thesis, at the 18-month program mark, of those who had enrolled in adult basic education, only slightly more than half had completed their ABE and gone on to enroll in either occupational training (15 percent) or a transitional job (37 percent). Ultimately, while a substantial portion were able to successfully complete basic skills training (86 percent), rates of enrollment in key program components such as occupational training (16 percent) and transitional jobs (35 percent) remained quite low among participants who enrolled in ABE.

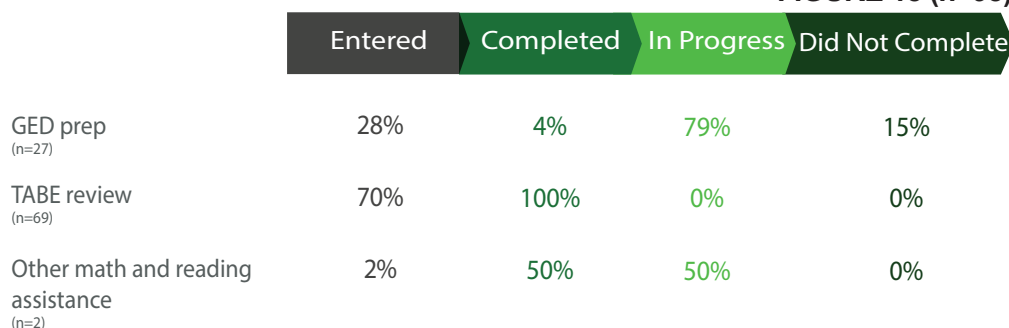
OCCUPATIONAL TRAINING COMPLETION RATES BY SELECTED DEMOGRAPHICS

FIGURE 17



EARN AND LEARN PARTICIPATION IN ADULT BASIC EDUCATION

FIGURE 18 (n=98)



BREAKDOWN OF TOP MOST COMMONLY RECEIVED SUPPORT SERVICES

FIGURE 19

Support Services

Public transportation	45%
Work clothing	15%
Testing/permits	6%
Private vehicle mileage reimbursement	4%
Other support services	3%

Supportive Services

Consistent with acknowledged best practices, Earn and Learn providers matched participants with a range of supportive services intended to mitigate common barriers to employment among the target population, including affordable childcare referrals, transportation assistance, health referrals, assistance with record expungement, and housing referrals.⁷⁹ A total of 666 incidences of supportive services were provided to Earn and Learn participants, with some of these incidences going to the same individuals. This figure likely understates the amount of supportive services participants received, since it reflects solely those provided with WIA funding, and providers were often leveraging funds from multiple sources.

Earn and Learn participants most frequently needed and received assistance with public transportation in the form of bus passes (45 percent), work clothes (15 percent), or paying for permit or testing fees (6 percent) (Figure 19).

Despite these important supports, there were gaps. Participants most frequently pointed to unmet needs related to dental care (31 percent), housing assistance (24 percent), and medical care (24 percent).

Provider staff also related that the ability to pay for state-issued identification, a disallowed expense under Earn and Learn rules, would have been very useful as low-income participants were often faced with a chicken-or-the-egg dilemma in which they could not afford to obtain or reinstate identification they needed to get a job but were unable to obtain employment to generate the income necessary to do so.

Transitional Jobs

Earn and Learn providers cultivated relationships with 80 employers that led to 895 transitional job placements, clustered primarily in the manufacturing, retail, and healthcare and social assistance industries (Figure 20). Overall, 69 percent of Earn and Learn participants were matched with transitional jobs, and 67 percent of participants had transitional jobs that were related—either by industry or occupation—to the training they completed. Most (58 percent)

TOP EARN AND LEARN TRANSITIONAL JOBS PLACEMENTS BY INDUSTRY

FIGURE 20

	All (n=779)	Detroit (n=442)	Saginaw (n=80)	Flint (n=257)
Manufacturing	25%	33%	39%	6%
Retail	19%	31%	3%	3%
Healthcare and social assistance	16%	10%	45%	16%
Construction	10%	8%	1%	15%
Religious, grantmaking, civic, professional and similar organizations	9%	2%	9%	21%

79. National Transitional Jobs Network (2010). *Transitional jobs program design elements*. Available at <http://www.scribd.com/doc/59499221/Transitional-Jobs-Program-Design-Elements>

WEEKS AND HOURS WORKED IN EARN AND LEARN TRANSITIONAL JOBS

FIGURE 22 (n=309)

Weeks Worked	
0-4	18%
5-9	15%
10-14	45%
15-19	9%
20-24	1%
25-29	7%
30-34	1%
35 or more	4%

transitional jobs were in production, sales and related occupations, or office and administrative support (Figure 21).

Employers were nearly evenly split between for-profit (48 percent) and nonprofit companies (44 percent), with a very small percentage of government/public employers (7 percent). The largest share of employers were midsize companies with 20 to 99 employees (37 percent); the remainder were smaller companies with 10 to 19 employees (19 percent) and larger companies with 100 to 500 employees (15 percent). This breakdown is consistent with anecdotal evidence from providers, who posit that small and midsize companies tend to see the transitional jobs model as a better deal than large companies, who may already have large human resource departments to conduct screening and institutionalized employee training programs.

Each Earn and Learn participant had a different dosage of transitional job, meaning the days worked per week varied and the hours worked per week varied. But, on average, transitional jobs lasted 375 hours, or 47 eight-hour workdays (Figure 22). Notably, this is on the shorter side of the three to nine months TJ experts recommend; this length of time may not have been enough to ameliorate the barriers some participants may have been facing.⁸⁰

The majority (63 percent) of participants earned exactly what the Earn and Learn wage subsidy paid, which was Michigan's minimum wage (\$7.40). Some employers chose to pay Earn and Learn participants above and beyond the wage subsidy, either as a matter of principle, to stay consistent with what typical employees in the same roles earn, or as required by federal contracts (Figure 23). The industries most likely to contribute to wages beyond the program-provided subsidy included heavy and civil engineering (96 percent of TJs offered), manufacturing (71 percent of TJs offered), or construction (50 percent of TJs offered). Over the course of their transitional job, participants earned an average of \$3,011 in pre-tax wages.

Lower-income individuals and families have a higher propensity to spend income on goods and services (as opposed to saving or investing) and to

TOP EARN AND LEARN TRANSITIONAL JOBS PLACEMENTS BY OCCUPATION

FIGURE 21

	All (n=774)	Detroit (n=440)	Saginaw (n=80)	Flint (n=254)
Production	25%	28%	39%	15%
Sales and related occupations	19%	32%	3%	2%
Office and administrative support	14%	11%	24%	17%
Construction and extraction	12%	2%	1%	31%
Buildings and grounds cleaning and maintenance	10%	10%	3%	13%

80. National Initiatives on Poverty & Opportunity (formerly National Transitional Jobs Network). (2010). *Transitional jobs program design elements*. Available at <http://www.scribd.com/doc/59499221/Transitional-Jobs-Program-Design-Elements>

HOURLY WAGE OF EARN AND LEARN TRANSITIONAL JOBS FIGURE 23 (n=895)

Wage	
\$7.40 (minimum wage)	63%
\$7.50 - \$8.50	23%
\$8.60 - \$9.60	6%
\$9.70 - \$10.70	8%
\$10.80 and above	1%

spend locally than those with higher-incomes, which can often create a ripple effect in local economies.⁸¹

In total, Earn and Learn subsidized jobs infused \$1,951,167 into Michigan’s economy by putting people who were not working back to work, a substantial support not just to Earn and Learn participants and employers but to struggling Michigan communities as well.

Program Dosage

Just as each Earn and Learn participant experienced the program uniquely, each participant received a different dosage of the intervention in terms of program component completion (Figure 24). The fact that only 15 percent of participants completed the program as designed suggests that providers struggled to offer the program exactly as designed—i.e., participants complete work readiness, complete occupational training, and gain recent work experience through a transitional job. Even in Flint, where work readiness was not a mandatory part of the program, just over a third (34 percent) of participants completed the program as regionally designed (i.e., completing occupational training and enrolling in a transitional job).

Furthermore, given the relatively high rates of completion once participants enrolled in a particular program component (refer back to Figure 14), this difficulty may have more to do with identifying enough opportunities for participants or motivating participants to enroll in each component rather than participant attrition.

Unsubsidized Employment

Despite any implementation difficulties, over three quarters of Earn and Learn participants (77 percent) successfully moved into unsubsidized employment.⁸² This is a rate nearly double those that have been found in several large-scale transitional jobs evaluations but consistent with findings from the Sectoral Impact Study by Public Private Ventures, an evaluation of a 3 sector-focused

PROGRAM DOSAGE CROSSTAB OF PROGRAM COMPONENT COMPLETION FIGURE 24

	Work Readiness Training	Occupational Training	Adult Basic Education	Transitional Job
Work readiness training	100%	64%	100%	63%*
Occupational training	32%	100%	13%	37%*
Adult basic education	9%	2%	100%	2%*
Transitional job	61%*	73%*	27%*	100%*

*Since we do not have reliable TJ completion data, these figures reflect those that participated in a TJ

81. Orszag, P., & Stiglitz, J. (2001 November). *Budget cuts versus tax increases at the state level: is one more counter-productive than the other during a recession?* Washington, DC: Center for Budget and Policy Priorities; Johnson, D., Parker, J., & Souleles, N. (2006 December). Household expenditure and the income tax rebates of 2001. *American Economic Review*, 96, 1589-1610; Parker, J., Souleles, N., Johnson, D., & McClelland, R. (2009 December). *Consumer spending and the economic stimulus payments of 2008*. Philadelphia, PA: University of Pennsylvania Wharton School.

initiatives, one of which included work experiences similar to the transitional jobs offered in Earn and Learn.^{83,84}

While there are many individual and contextual factors that can contribute to unsubsidized employment outcomes, the high rate of unsubsidized employment among Earn and Learn participants as compared to standard TJ participants in other programs suggests that the add-on of industry-driven occupational training could be a key to TJ program success. While job retention data were not available, this high rate suggests that for many participants, Earn and Learn was an opportunity to acquire the skills and contacts necessary to engage or re-engage with the labor market.

Participants with characteristics often identified as potential barriers to employment success—such as having a criminal record, having children under 18 living at home, little or no employment history, or unstable housing—appeared to be just as successful at obtaining unsubsidized employment as participants without those potential barriers. This contradicts much of the previous research done on similar programs and may suggest that providers were able to effectively help participants manage or overcome those barriers.⁸⁵ White participants were slightly less likely to obtain unsubsidized employment, which is thematically consistent with previous research.^{86,87} Also consistent with some previous findings, women (83 percent) were slightly more likely to obtain unsubsidized employment than men (77 percent).^{88,89} This may have been due to more availability of the types of employment women were seeking, employers being more willing to hire women, or the program serving women more effectively for some reason.

Overall, unsubsidized placement rates were relatively high among all individuals who engaged with Earn and Learn to even a minimal degree, suggesting that for some—likely more recently disconnected individuals—engaging with the program even in a quite limited sense was enough to reconnect them to the labor market (Figure 25). However, demonstrating support for Earn and Learn’s model as designed, participants who completed all three primary components appeared to be the most successful at landing unsubsidized employment (83 percent).⁹⁰ This suggests that future enhanced transitional jobs initiatives should make every effort to implement programs consistent with Earn and Learn’s intent to provide disconnected individuals the opportunity to polish their workplace behaviors through work readiness training, obtain marketable skills through occupational training, and have a transitional job to both support them through training as well as practice emerging soft and hard skills.

83. E.g., Jacobs, E. (2012). *Returning to work after prison: Final results from The Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J., Jacobs, E., et al. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

84. Maguire, S., Freely, J., Clymer, C., Conway, M., & Schwartz, D. (2010). *Tuning into local labor markets: Findings from the Sectoral Employment Impact Study*. Philadelphia: Public/Private Ventures.

85. E.g., Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J., Redcross, C. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

86. More specifically, a small statistically significant negative relationship between being White and obtaining unsubsidized employment was observed at the .05 level.

87. E.g., Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-funded subsidized employment programs*. New York: Economic Mobility Corporation.

88. Ibid.

89. More specifically, a small positive statistically significant association between being female and obtaining unsubsidized employment was observed at the .05 level.

90. More specifically, a small positive statistically significant association between receiving the full program intervention and obtaining unsubsidized employment was observed at the .05 level.

UNSUBSIDIZED EMPLOYMENT RATES BY PROGRAM DOSAGE

FIGURE 25 (n=768)

“I was at my wit’s end. I did not have money or a means to get anywhere and when I called and entered the Earn and Learn program and they gave me bus tickets, I cried. This program saved my life and gave me a new beginning. I was truly blessed to be able to attend.”

-Earn and Learn participant

Program Dosage	Obtained Unsubsidized Employment
Completed None	71%
Work Readiness only	61%
Occupational Training only	69%
Work Readiness and Occupational Training	79%
Transitional Job only	81%
Work Readiness Training and Transitional Job	81%
Occupational Training and Transitional Job	82%
Work Readiness Training, Occupational Training, and Transitional Job	83%

Recidivism

Though the criminal justice data evaluators were able to attain was limited (see Appendix B for details), it appears that very few participants who had a criminal record prior to enrolling in Earn and Learn were charged with additional crimes or violations as of the time of this report (7 percent). This low recidivism rate provides builds on previous support for transitional jobs as a reintegration strategy.⁹¹

Participants’ View of their Earn and Learn Experience

Participants were enthusiastic about the opportunity to increase their skills while also earning necessary income. The overwhelming majority of Earn and Learn participants described the opportunity to undergo new skills training at no charge, have paid work, and have the opportunity to secure long-term employment as the driving factors behind entering the program (Figure 26). One participant reflected on the tremendous benefit of Earn and Learn in light of the stigma he had faced both in getting hired and keeping jobs due to his criminal record. He went on to share that he just “needed a chance,” and that Earn and Learn “gave [him] hope.” Another shared:

“I was at my wit’s end. I did not have money or a means to get anywhere and when I called and entered the Earn and Learn program and they gave me bus tickets, I cried. This program saved my life and gave me a new beginning. I was truly blessed to be able to attend.”

91. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: Final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDCR.

MOST COMMON PARTICIPANT REASONS FOR PARTICIPATING IN EARN AND LEARN

FIGURE 26 (n=132)



Participants were also enthusiastic about the economic opportunities the program presented them, particularly the ability to “do something” with their lives, “better [themselves] for a brighter future,” and getting a chance at “a career and a stable income.”

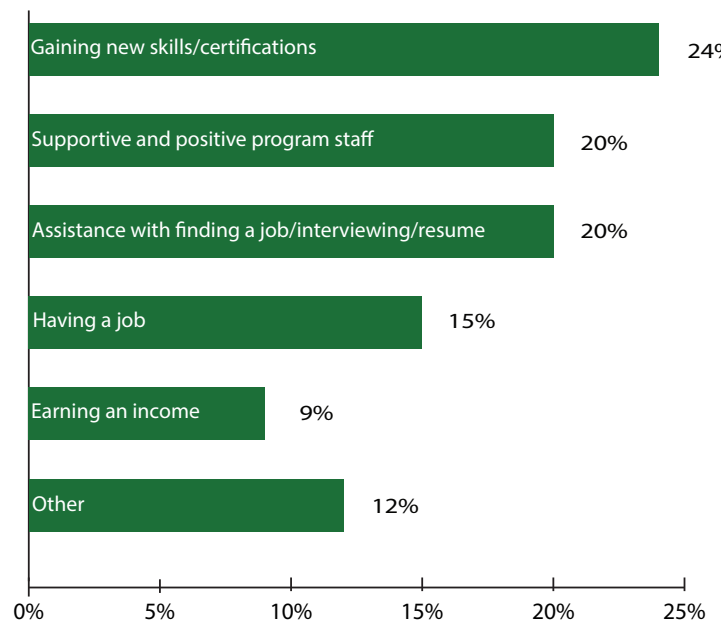
At the completion of the program, participants seemed to view the Earn and Learn program as an effective and heartening tool to make the transition from unemployment. One participant considered Earn and Learn key to helping him “learn how to...obtain a job and learn from the experience.” Other participants echoed that sentiment, stating that the program was important because it gave them “the tools that I needed to find a better job,” “more confidence when being interviewed, and “confidence about being able to get a job.” Similar refrains were repeated throughout interviews with participants and program staff.

Beyond increasing marketability, participants cited program benefits such as “instilling positive aspirations,” “making me feel important,” “feeling so good about myself,” and finally feeling like “an asset to my community.” Others pointed to the positive peer benefits of Earn and Learn, including hearing other participants “describe something bold and impactful” on a daily basis, “meeting a lot of people with the same goals I have,” and having people around “to help and...care about each person’s success” (Figure 27).

Setting aside their own personal benefits, many participants expressed sentiments related to the positive effects Earn and Learn was having on their communities, such as Earn and Learn is “good for the city,” and that the program needs “more exposure” for the great opportunities it brings. Other satisfied participants expressed a hope that the program could expand and “keep helping to a make a difference in the community.” One individual went so far as to state that he would “continue to encourage anyone to take advantage of this program.”

MOST FREQUENTLY CITED BENEFITS OF PARTICIPATING IN EARN AND LEARN

FIGURE 27



There were, however, a few negative aspects that participants reported encountering during their tenure with Earn and Learn.

Though a minority of participants acknowledged complaints, their complaints were relatively similar. Of those who had negative feedback, many reported frustration at trying to learn alongside participants that acted in a “disruptive” and “disrespectful” manner. There were complaints regarding training instructors not properly controlling his or her students which negatively impacted the learning environment, illustrated by comments such as the program needs “more discipline on behavior,” and “the rules should be more rigidly enforced.” These difficulties may be due to instructors leading larger classes or more disadvantaged learners than they are used to.

Of those who had negative feedback, many participants felt they could have been supported more by program staff, including one who thought that staff needed to be “more in touch with community,” another who thought participants would be better served if case managers scheduled regular “mandatory one-on-one meetings,” and another who felt that “job developers need to be more serious and not discriminate against felons.” And though participants who responded to the survey were at all different stages in the program, a substantial swath of participants were displeased about not having obtained unsubsidized employment and felt the program could have provided more support. As one individual stated, “once the person did not get the job someone needs to follow up with them and find out what happened...,” which, according to the program design, should have happened. This discrepancy suggests that staff may have struggled with capacity issues, an issue directly identified by another participant, who stated that the program “needs more counselors,” as there are “not enough to serve those in need.”

Other common complaints, albeit from a very small percentage of participants, cited a lack of supportive services to help them manage barriers to their success in the program, including help with obtaining driver’s licenses, assistance with car repairs, bus passes, childcare support, and providing food. Bus passes and assistance with car repairs were allowable supportive services and therefore the fact that participants reported that they were not available may speak to a low level of engagement with the program or perhaps implementation difficulties in providing those services (e.g., temporarily running out of bus passes, etc).

Employers’ View of their Earn and Learn Experience

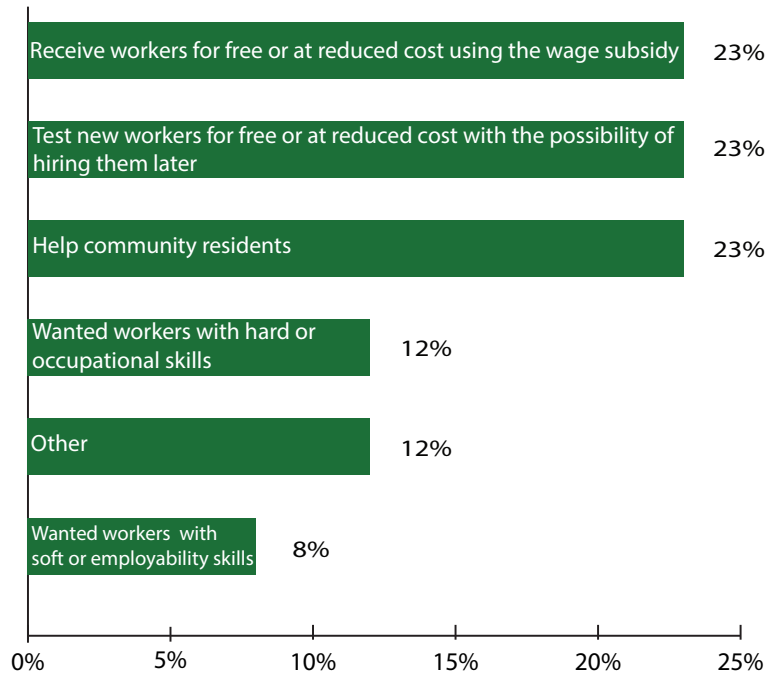
Employers, on the other hand, tended to see Earn and Learn as a way to meet business needs while also reaching out to their communities (Figure 28).

While wage subsidies are clearly an incentive for employers to participate in programs such as Earn and Learn, part of the tradeoff in receiving wage subsidies is that participants generally require increased training and supervision, rendering participation by employers by no means a foregone conclusion. One supervisor related the struggle saying, “We dropped out after a short time. [We were] disappointed with the amount of time and supervision needed.”

Those that did decide to participate were equally likely to point to the ability to test new workers out with the possibility of hiring them later, the opportunity to help community residents, and the wage subsidy as factors that went into their decision. As one employer noted, “It sounded like a win/win deal. We

MOST IMPORTANT EMPLOYER REASONS FOR PARTICIPATING IN EARN AND LEARN

FIGURE 28 (n=27)



“It sounded like a win/win deal. We would get workers who were receiving job coaching and skills training for free, and the program would take unemployed workers out of the [unemployment] system.”

-Earn and Learn employer

would get workers who were receiving job coaching and skills training for free, and the program would take unemployed workers out of the [unemployment] system.”

Another explained that the value of Earn and Learn lies in its ability to “[give] opportunities to the most in need, and as an employer it met our need and helped us give back to the community.” Another employer appreciated that Earn and Learn helped their store reach a new employee pool, saying, “Earn and Learn has been tremendously beneficial to our organization. It allows my staff to hire, coach, and supervise people from different walks of life. Earn and Learn diversifies the store in a great way.”

Other employers focused on the timeliness of Earn and Learn, which came at a time of scarcity for many of them. As employers related, “The [Earn and Learn] workers fill a need during a time with little or no money to hire regular staff,” the program was “absolutely” beneficial because “budget restraints did not allow the staff I needed to get the job done,” and “Earn and Learn assisted [us] at a time when the organization was financially struggling and needed additional assistance.” Another characterized Earn and Learn as a “great program that allows potential employers to test benefits during a time they couldn’t afford/justify to pay a training employee.” This sentiment was echoed by yet another employer who highlighted the worth of the pre-screening and wage reimbursement model, which notably, “saved us time and energy.” Many employers also pointed to the increased capacity Earn and Learn afforded, illustrated by one supervisor’s statement that Earn and Learn workers were so helpful because “it help[ed] us man the job or project while meeting our schedules,” which they may not have been able to do without Earn and Learn.

Employers also felt that Earn and Learn was “very beneficial to small employers.” Another employer got right to the point and said, “Because of Earn and Learn, we were able to reach 50 percent more [customers].”

Importantly, employer feedback suggests that future iterations of Earn and Learn or similar TJ programs may be sustainable even in times of scarcity. When asked if they would participate without the full wage subsidy, 74 percent of employers would participate if the subsidy covered 75 percent of Michigan’s minimum wage of \$7.40 per hour, 54 percent would participate if the subsidy covered 50 percent of minimum wage, and 39 percent would participate if the subsidy covered 25 percent of the minimum wage.

EMPLOYMENT AND EARNINGS **IMPACT STUDY**

Standard WIA Programming

Standard WIA programming generally consists of job search assistance, a limited amount of supportive services intended to stabilize participants during the job search, and among participants who demonstrate an inability to obtain employment without it, an individual training account intended to cover the cost of an occupational training. Subsidized employment is not part of the traditional program model, though a small number of on-the-job training (OJT) slots may be available. OJT is distinct from subsidized employment in that OJT reimburses employers for training activities held for the benefit of program participants but requires employers to pay participants for time spent in non-training related activities. While serving low-income and disadvantaged individuals is a stated goal of the WIA program, serving dislocated workers—often highly skilled and more readily employable—is another goal. Based on long-term engagement with providers both within and outside of WIA, workforce experts at the National Initiatives on Poverty & Economic Opportunity report anecdotally that in practice WIA tends to serve a higher-skilled population than other public workforce programs.¹

1. (C. Warland, personal communication, September 8, 2014).

On average, Earn and Learn increased participant earnings by nearly 300 percent. Compared to similar past research, Earn and Learn participants demonstrated high rates of employment three and four quarters and after program enrollment, suggesting more long-lasting program effects on employment than previously seen. While participants who received the full intervention did not demonstrate higher earnings than those who received less of an intervention, they did have significantly higher employment rates. Earn and Learn appears to have served a population with more barriers to employment than a comparison group of individuals receiving standard WIA programming in the same counties. Efforts to match treatment and comparison group members on key characteristics associated with employment outcomes were somewhat successful but left residual differences on prior annual income and race, which may mean that the comparison group had fewer barriers to employment than the treatment group after matching and therefore moved into employment more easily. Impact analyses revealed that comparison group members fared better than Earn and Learn participants on both earnings and employment. Overall, lingering group differences along with evidence that the two groups may have differed on unobserved characteristics complicate interpretation.

A key goal of Michigan Earn and Learn was to better equip participants to land unsubsidized work with meaningful earnings gains after they complete the program. The theory is that the hard and soft skills they learned in their transitional job and training, the connections and references they gained, and the education and credentials they may have received during the program will ultimately lead to higher employment rates and higher wages after the program.

To test whether Earn and Learn participants were more likely to be employed and earning higher wages after the program, evaluators examined each Earn and Learn participant's wage history going back several years before they entered the program. Because any change that occurred from their pre-Earn and Learn days to their post-Earn and Learn days may be the result of any number of contextual factors or personal characteristics besides the actual Earn and Learn program, it is important to also look at a comparison group of people who were not in Earn and Learn to see how their employment status and earnings change over a similar time period.

To that end, evaluators also gathered earnings history for individuals participating in standard Workforce Investment Act (WIA) programming in the various counties Earn and Learn operates (see sidebar for a discussion of standard WIA programming). For the remainder of this chapter Earn and Learn participants will be referred to as treatment group members, since they received the intervention under study, and general WIA participants will be referred to as comparison group members. See Box 1 for an overview of how this analysis was carried out, and refer to Appendix B for an in-depth discussion of the study's methodology.

With the exception of education level, treatment and comparison groups members were significantly different on all key characteristics prior to matching, including pre-program annual income, age, gender, race, enrollment

Impact Study Analysis Overview

Demographic and quarterly state Unemployment Insurance (UI) income data were obtained for both treatment and comparison group members. Using the quarterly UI data, a longitudinal earnings history consisting of at least four quarters of pre-program earnings and eight quarters of post-program earnings was developed. Any participants with less than four quarters of pre-earnings and less than eight quarters of post-program earnings data were excluded from this analysis. Program exit dates were not available for over half (55 percent) of all records—which includes both the treatment and comparison group. Therefore the quarter in which each participant was officially registered for the program was coded as the intervention quarter and quarters previous and subsequent to the intervention were coded as pre- and post-, respectively. Since participants were often not officially registered until they had demonstrated some level of commitment to the program (e.g., by completing the four-week work readiness training in Detroit for example), the registration date likely underestimates how long the average participant was engaged with the program.

Consistent with similar transitional job program evaluations, it was not possible to distinguish between subsidized and unsubsidized wages in the earnings data.¹ Considering that the vast majority of transitional jobs (78 percent) lasted less than 4 months, it is reasonable to assume that on average, wages earned in post-quarter 3 and beyond were unsubsidized and represent unsubsidized employment. Knowledge of how the program was implemented suggests that while this approach may inadvertently include a few outlying individuals who started their transitional jobs late into their program involvement, this approach also likely excludes a few outlying individuals who moved into unsubsidized employment unusually early in their program involvement, balancing each other out. These approaches are also consistent with past research on the validity of quasi-experimental designs in estimating program impact on earnings and employment, which call for geographically-similar comparison and treatment groups, longitudinal baseline outcome data, a common data source for key outcomes, and a nonparametric method for excluding dissimilar treatment and comparison group members from the matching process.²

1. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDRC.; Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation; and Butler, D., Alison, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J., Jacobs, E., et al. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C.: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
2. Bloom, Howard S., Charles Michaelopoulos and Carolyn J. Hill. (2005). Using experiments to assess nonexperimental comparison-groups methods for measuring program effects. In Howard S. Bloom (Ed.), *Learning more from social experiments: Evolving analytic approaches*, (pp. 173-235). New York: Russell Sage (2005).; Heinrich, C., Mueser, P., Troske, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impaq International.

SELECTED MEAN GROUP CHARACTERISTICS PRIOR TO MATCHING FIGURE 29

Characteristics	Treatment Group	Comparison Group
Average Age*	33	35
Average Pre Year Income*	\$1,802	\$13,895
Male*	66.3%	56.7%
Formerly Incarcerated*	19.3%	6.2%
African American*	81.4%	43.6%
White*	10.8%	47.0%
Long Term Unemployed*	64.6%	52.0%
Most Frequent Education Level	High School Graduate or GED (57.2%)	Less than High School Graduate or GED (33.0%)
Most Frequent Enrollment Quarter*	2011 Quarter 4 (40.5%)	2011 Quarter 2 (45.1%)

*Starred entries indicate categories with statistically significant differences at the .05 level.

quarter, and status as long-term unemployed or formerly incarcerated (Figure 29). These trends suggest that Earn and Learn did indeed serve a population with more characteristics identified as barriers to employment: lower earnings prior to program enrollment, which may be interpreted as an index of work history and skill level; a higher incidence of long-term unemployment; a higher incidence of incarceration history; and important differences in racial makeup, with the treatment group consisting of proportionally more African American—against whom racial discrimination in the labor market has been well-documented.⁹²

After testing out several matching strategies, the closest match yielded a comparison group that was substantially closer to the treatment group on most characteristics but remained significantly different on pre-program annual income and race (Figure 30).⁹³

Impact of Program Participation on Earnings and Employment Status

Both the treatment and comparison group experienced large upward swings in earnings from the pre-program period to the post-program follow-up period (Figure 31). Considering each group's respective earnings prior to program enrollment, however, the comparison group increased their earnings by significantly more than the treatment group.⁹⁴

To investigate employment status irrespective of earnings—and therefore determine whether the differences discussed above could be attributed to the

92. Each of these characteristics has been documented as potential barriers to employment in various sources, e.g., Heinrich, C., Mueser, P., & Troske, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impaq International.; Heckman, J., Ichimura, H., & Todd, P. (1997). Matching as an econometric evaluation estimator: Evidence from evaluating a job training programme. *The Review of Economic Studies*, 64(4), 605-654.; and Holzer, H., Raphael, S., & Stoll, M. (2006). Perceived criminality, criminal background checks, and the racial hiring practices of employers. *Journal of Law and Economics*, XLIX, Chicago: University of Chicago.

93. More specifically, between-group differences in group means were observed at the .05 level.

94. More specifically, a between-group difference in average earnings increases was observed at the .05 level of significance with an overall effect size of $d=0.46$, a medium effect.

number of hours worked or pay rates rather than unsubsidized employment rates—evaluators examined quarterly employment trends among each group. This analysis revealed that while both groups maintained relatively high rates of employment following program enrollment, the comparison group maintained significantly higher employment rates at multiple points during the pre-and post-period, including the period in which one would expect the treatment group to demonstrate higher rates, i.e., during the transitional jobs period (Figure 32).⁹⁵

GROUP MEAN CHARACTERISTICS BEFORE AND AFTER MATCHING

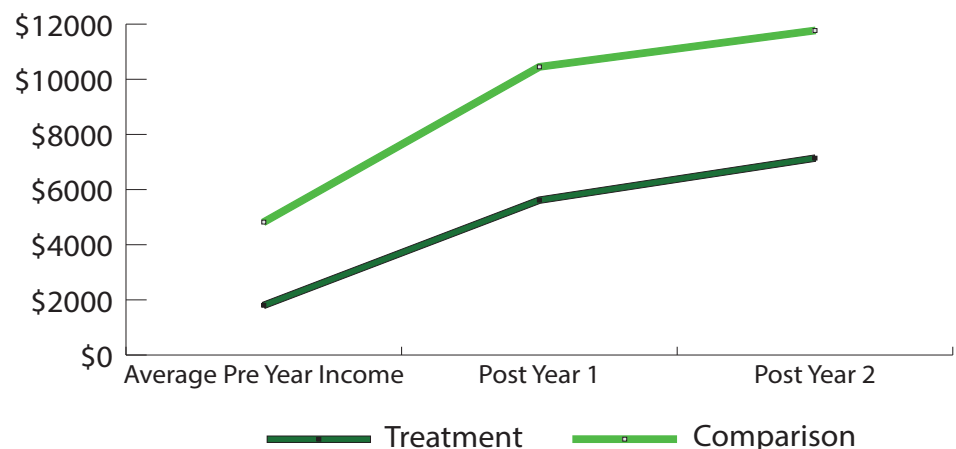
FIGURE 30

Variable	Sample	Group Mean		T-stat	P-value
		Treatment	Comparison		
Age	Unmatched	33	35	-3.45	.001*
	Matched	33	34	-1.54	.124
Average Pre Year Income	Unmatched	\$1,802	\$13,895	-11.96	.000*
	Matched	\$1,802	\$4,820	-5.14	.000*
Male	Unmatched	66.3%	56.7%	4.25	.000*
	Matched	66.3%	64.2%	0.71	.478
Formerly Incarcerated	Unmatched	19.3%	6.2%	11.0	.000*
	Matched	19.3%	15.9%	1.41	.160
Race	Unmatched	2.8	4.3	-15.75	.000*
	Matched	2.8	3.2	-3.42	.001*
Long Term Unemployed	Unmatched	64.6%	52.0%	5.47	.000*
	Matched	64.6%	59.4%	1.71	.087
Education Level	Unmatched	12.6	12.8	-1.53	.126
	Matched	12.6	12.8	-1.14	.253
Enrollment Quarter	Unmatched	3.0	2.0	19.62	.000*
	Matched	3.0	2.9	1.64	.101

*Starred entries indicate categories with statistically significant differences at the .05 level.

MEAN ANNUAL EARNINGS ACROSS PRE AND POST PERIODS BY TREATMENT STATUS

FIGURE 31

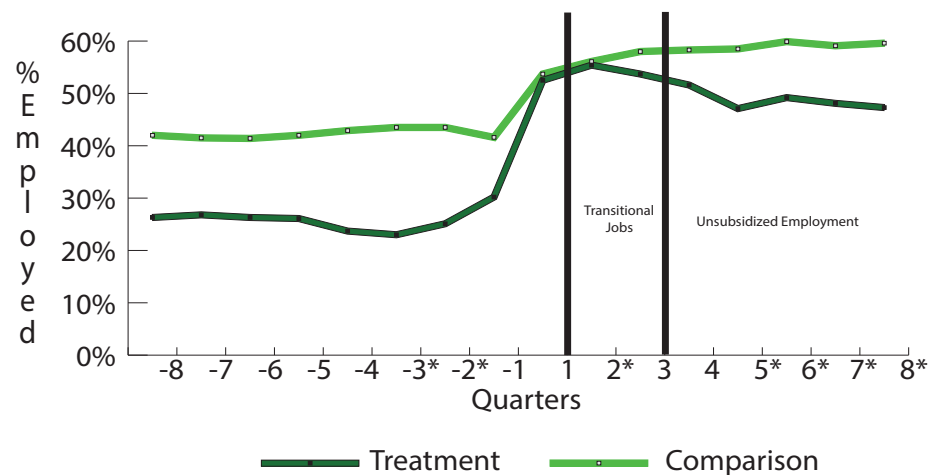


95. More specifically, chi-square tests revealed an association between treatment status and employment status at the .05 level of significance in the direction of higher employment rates among comparison group members.

To begin with, the persistently high rates of employment observed among treatment group members contrast with previous large-scale evaluations of TJ and subsidized employment programs that have found positive effects on employment merely due to the temporary jobs that dissipate following the end of those temporary jobs.⁹⁶ The relatively high rate of employment sustained three and four quarters after program enrollment observed in this evaluation may be due to Earn and Learn's design as an enhanced TJ program in that the program goes beyond offering a transitional job and supportive wraparound services by offering the added benefit of occupational training. The acquisition of hard skills in conjunction with the soft skills and recent job experience gained through TJ programs may have been enough for participants to begin to establish a tentative foothold in the labor market.

Taken together however, the larger earnings growth and higher employment rates among comparison group members suggest that the comparison group, who started out with higher prior earnings, were better able to build upon those previous earnings to propel themselves into even higher earnings and steady employment. It is also possible that as a more intensive program, treatment group members were engaged more extensively with programmatic activities that delayed them from full movement into the labor market (e.g., basic skills training, attending occupational training, or working in a part-time transitional job) while comparison group members were focused on landing employment more quickly.

**QUARTERLY EMPLOYMENT RATES
BY TREATMENT STATUS**
FIGURE 32



*Starred quarters indicate a significant difference at the .05 level.
Negative numbers indicate quarters prior to program enrollment.
Transitional job period refers only to treatment group.

96. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDRC.; Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alson, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J.,..., Redcross, C. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

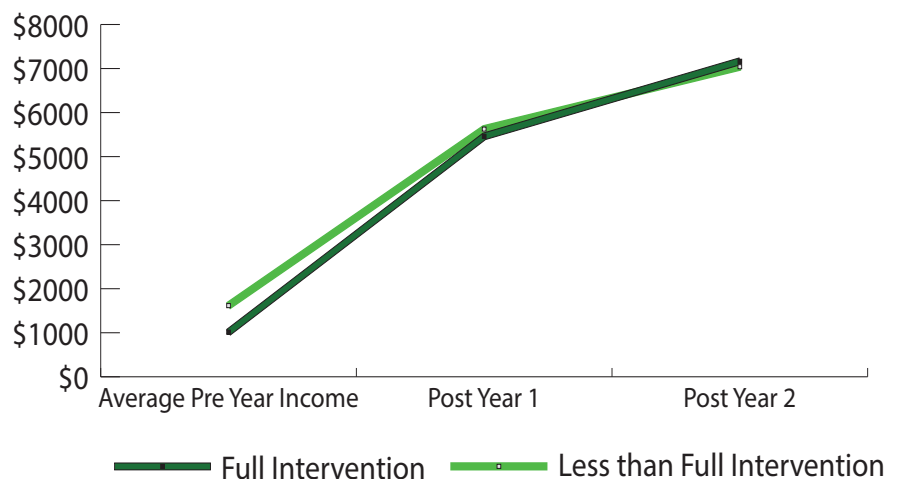
These findings may also be due to comparison group members tending to have more advanced work experience or other unobserved characteristics that made them more attractive to employers, which caused them to be hired into jobs with higher wages and/or more hours available than the average Earn and Learn participant.

It is important to note that while these findings do not provide conclusive evidence that Earn and Learn is more effective than standard WIA programming, they do reflect the program's powerful practical significance to participants served: the treatment group increased their earnings by nearly 300 percent from the pre-period to the end of the follow-up period. Considering the treatment group's average prior annual income of merely \$1,802, annual earnings of \$7,140 is a substantial and potentially life-changing gain.

Sub-Analysis: Impact of Full Intervention on Earnings and Employment among Treatment Group Members

Since a relatively small percentage of Earn and Learn participants completed the program as designed—defined as completing work readiness training, completing occupational training, and gaining recent work experience through a transitional job—evaluators sought to investigate the possibility that those who received the full intervention fared better than those who received anything less. A within-group analysis yielded mixed results. Both those who received the full intervention and those who received a partial intervention demonstrated substantial increases in earnings from the pre-period to the follow-up period, but there was no observed difference in the extent of those gains: those who received less than the full intervention increased their earnings at a degree consistent with those who received the full intervention (Figure 33).⁹⁷

**ANNUAL EARNINGS AT PRE AND POST
BY EARN AND LEARN DOSAGE**
FIGURE 33

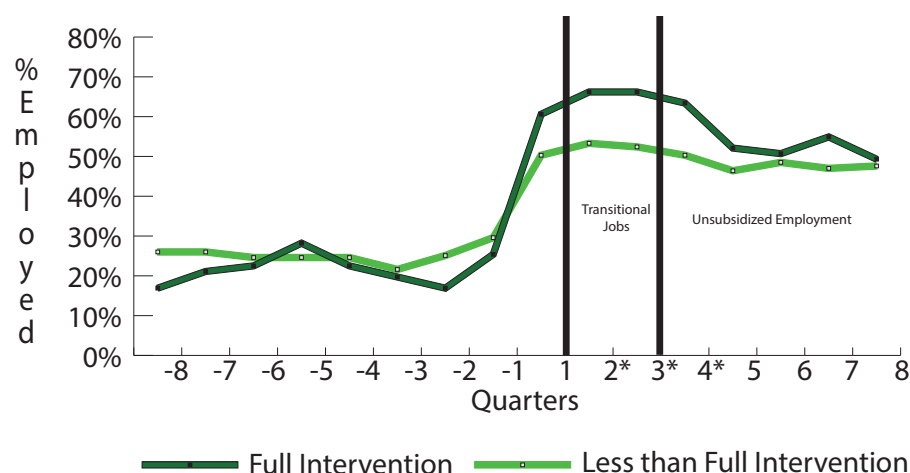


97. More specifically, no difference was observed at the .05 level of significance.

Those who received the full intervention, however, did demonstrate significantly higher employment rates during several quarters, including into the unsubsidized employment period (Figure 34).⁹⁸ This suggests that receiving all components of the program left participants better-equipped to obtain and maintain employment, lending support for the program model.

These somewhat conflicting findings imply that while overall a higher proportion of those who received the full intervention moved into unsubsidized employment, those who moved into employment among participants who received less than the full intervention demonstrated higher earnings, which may be due to obtaining higher paying jobs or working more steady hours. This interpretation is consistent with anecdotal evidence from providers that transitional jobs program participants who are higher-skilled than the program's target population often drop out of the program for unsubsidized employment, tending to need only a small degree of program engagement to be able to move into unsubsidized employment on their own.⁹⁹ In this particular instance, however, limited program data meant that it was not possible to confirm this interpretation.

**QUARTERLY EMPLOYMENT RATES
BY EARN AND LEARN DOSAGE**
FIGURE 34



*Starred quarters indicate a significant difference at the .05 level.
Negative numbers indicate quarters prior to program enrollment.
Transitional job period refers only to treatment group.

Discussion

On average, compared to where they each started, both comparison and treatment group members experienced substantial earnings gains in the first two years following program enrollment and maintained relatively high rates of employment. Taking into account the considerable barriers to employment many Earn and Learn participants had before program enrollment, their earnings increases and high unsubsidized employment rates after transitional jobs ended is certainly of practical significance.

98. More specifically, an association between program dosage and employment status was observed at the .05 level of significance in the direction of higher employment rates among those who received the full intervention.
99. Based on conversations between National Initiatives on Poverty on Opportunity (formerly The National Transitional Jobs Network) and transitional jobs providers. (C. Warland, personal communication, September 8, 2014).

Challenges to implementation of the program as designed as well as limitations in program data collected make it difficult to truly assess the effectiveness of Earn and Learn as a model: in many ways it was not possible to gauge the full extent to which participants were engaged or what drove attrition. Rather, this study gets at the efficacy of this particular iteration of the Earn and Learn program. It appears that Earn and Learn participants who received the full intervention fared better in some ways than participants who did not, which may be taken as preliminary evidence for the model of transitional jobs enhanced by training and education.

Limitations

Quasi-experimental design has inherent limitations, since without random assignment it is not possible to truly control for all variables that may bias the primary dependent variables under study (change in earnings and employment status in this case). For starters, though a common practice among workforce researchers in light of data realities, using earnings from the period immediately preceding program enrollment as matching criterion is less than ideal since on paper unemployed individuals with limited skills and sparse work histories may look the same as unemployed high-skilled individuals with robust work histories.¹⁰⁰ Similarly, though this study also included data on a number of other characteristics associated with employment outcomes, it was known from the start that the assessment data being collected for the state's workforce data system was limited, which is why evaluators developed a supplemental intake form for Earn and Learn participants to complete.

That rich assessment data—including, for example, information on support networks in place, childcare responsibilities, transportation barriers, work histories, and incarceration data that takes into account how recently an individual had been released from incarceration—could not be included in the current impact study because it was not possible to collect from comparison group members. Therefore, as with any quasi-experimental design, there may be important unobserved characteristics influencing these findings.

Furthermore, the nature of the comparison group used (i.e., a group of individuals receiving a different workforce program) also means that Earn and Learn was not compared to a counterfactual of individuals who received no intervention, which would be the most direct assessment of program impact. Rather, this study compared the efficacy of two different packages of workforce development services on two groups that are likely derived from two different populations but had enough overlap on observed characteristics to be matched to some degree. The fact that the final matched treatment and comparison groups remained significantly different on two key variables supports this interpretation.

Without direct data on public benefits receipt or recidivism, it is not possible to determine Earn and Learn's impact on outcomes valued by program framers outside of employment, but it is vital to keep these outcomes in mind in future studies. Logical next steps for the practice and research community include additional research on enhanced transitional jobs strategies—with complete data and a comparison group that more closely resembles the counterfactual.

100. First acknowledged in Ashenfelter, O. (1978). Estimating the effect of training programs on earnings. *The Review of Economics and Statistics*, 60(1), 47-57. The MIT Press.; subsequently noted in numerous later discussion papers and studies, e.g., Smith, J. (1996). *Three essays on the economics of evaluating social programs*. Available at http://research.upjohn.org/cgi/viewcontent.cgi?article=1042&context=dissertation_awards; and Heckman, J. & Smith, J. (1999). The pre-programme earnings dip and the determinants of participation in a social programme: Implications for simple programme evaluation strategies. *The Economic Journal*, 109, 313-348.

LESSONS LEARNED AND RECOMMENDATIONS

Earn and Learn's winding path to becoming a reality and its local variations provide insights into what worked, what didn't, and how to build on the effort in the future and in other places.

Implementing a transitional jobs program enhanced with occupational skill training is an innovative and challenging endeavor for the WIA system, state systems, and philanthropy alike.

As the first known state effort to implement this package of services through the WIA system, Earn and Learn is a foundational project that moves the field forward by demonstrating inherent challenges and illustrating what needs to be done to finely tune this package of services and the systems that offer them.

This study demonstrates that WIA providers and state systems have much to learn about implementing services for individuals with persistent barriers to employment, and philanthropic organizations have important lessons to learn about partnering with public entities. In this instance, philanthropy was an important catalyst for innovation, and future efforts should build upon the lessons learned in this initiative.

The soon-to-be implemented Workforce Innovation and Opportunity Act (WIOA)—WIA's replacement—emphasizes the need for concurrent employment and education strategies, which means that the lessons of this initiative are particularly relevant at this time.

The shared responsibility for funding and administering the program across so many stakeholders may have led to implementation delays and differing visions for the program's emphasis.

Earn and Learn was intended to be a large-scale statewide ARRA initiative. However, incompatible timelines and delays in both obtaining funding and establishing funding agreements resulted in several key public funding timelines to be missed or severely constricted, which in turn led to a much smaller program than originally envisioned both in terms of numbers served and regions touched. This diminished capacity reduced the program's reach and likely its impact (i.e., impacting employment rates across the state versus impacting a small percentage of the population in a few regions).

Furthermore, the providers necessarily braided together funding to meet the vision of the program and the needs of participants, using public funds for the "Learn" portion and private funds for the "Earn" portion. Earn and Learn was not ultimately administered by one funding entity as a comprehensive program and as a result oversight was split across many parties. For example, when it became clear that a significant portion of participants were not enrolling in occupational training, the state wasn't able to influence how the subsidized portion of the program was administered relative to its relationship with training. Similarly, outside of grant reports and informal check-ins, private funders would have no timely way of knowing if participants were not enrolling in concurrent training and subsidized employment.

With so many funders in the mix and with many of them focused on just their city, each region functioned more or less independently of each other, with different funders to report to, instead of a statewide initiative. The fact that one private funder extended the program in one region but not the others exemplifies this.

Establishing a formalized agreement between funders, reaching a consensus on desired program impacts, setting a regular communication mechanism for assessing progress toward those goals and sharing relevant information, and establishing a governance structure are all key strategies for managing the challenges associated with a complex web of stakeholders and decision makers. Implementation delays may be nearly inevitable in complex political contexts and both communication and governance challenges may be a symptom of an otherwise promising approach of braiding together funding, but the model cannot be expected to have the same reach or produce the same impacts without a full implementation of a unified vision.

Implementing concurrent employment and training models is complex for service providers. The implementation challenges observed in this effort demonstrate the need for robust planning, coordination, and support to providers—particularly those not already embedded in educational systems.

Despite the appeal of being able to offer participants employment while they are attending training, program staff reported that the logistics were difficult to manage. Often employers weren't able to accommodate the training schedule and vice versa for training providers. To ameliorate the situation, Detroit providers began arranging for training to occur out at the employer worksites after the workday or to pick participants up from their worksites and transport them to training. Alternatively, Flint providers had a considerably easier time accommodating participants who were trying to do both. As sizable colleges accustomed to serving working students, the Flint providers were able to offer the kinds of evening and weekend classes that could work with an Earn and Learn participant's schedule. In some cases, Flint transitional employers required new employees to attend their own intensive training programs, which made the process easier for participants to manage.

When a program successfully targets a population with serious barriers to employment, considerable basic skills training or bridge programs are often needed to help participants prepare for the types of training that is in demand with employers.

In Detroit and Saginaw, participants possessed high school diplomas at a rate lower than expected, which disqualified them for many of the occupational trainings that providers had lined up. Saginaw, for example, intended to primarily enroll Earn and Learn participants in Energy Conservation Apprenticeship Readiness training, but in practice the training required more advanced math skills than many participants currently had. This mismatch left providers to reassess the types of meaningful industry-driven training they could offer participants.

Similarly, despite early thoughts that the two efforts could collaborate, the permanent employment opportunities available through Community Ventures, a state-sponsored initiative targeted at incentivizing employers to hire low-income and otherwise disadvantaged individuals, proved too often to be at too high a skill level for Earn and Learn participants even after completing training. In the short term, providers responded by matching participants with Adult Basic Education/GED prep classes, sometimes in place of more focused industry training. In the long term, Saginaw realized it would be necessary to identify additional training opportunities at a wider range of skill levels.

While some participants did not ultimately enroll in the type of industry-focused training that program designers envisioned, as a pre-requisite to many training programs, the receipt of a GED is certainly a step up the career ladder. Given the easy access to a wide range of remedial classes embedded within the community college system, Flint providers were slightly more equipped to assist participants with skilling up to the college or technical training level when necessary.

To maximize the impact of enhanced transitional jobs programs, it is important that providers build in basic skills training and bridge programs so that participants with low education and skills levels are able to enroll and complete in the type of industry-driven occupational training that is in-demand with local employers.

Mainstream workforce providers often aren't well-equipped to serve more disadvantaged job seekers and may require robust technical assistance from entities that are familiar with transitional jobs and serving populations with barriers to employment.

While many of the providers were seasoned workforce providers, Earn and Learn participants represented a population with lower skills, more barriers to employment, and in at least one provider's case, a different cultural background than they were generally accustomed to serving. These differences introduced a learning curve in providing effective and targeted services, which may have caused some participants to disengage early from the program.

Detroit responded by implementing a Participant Advisory Council—a group of former and current Earn and Learn participants from both Detroit providers convened to give regular feedback and offer suggestions on how to improve the program—a promising practice associated with more effective participant engagement and improvements in a program's cultural competence.

The Flint sites also noted how difficult it was to place formerly-incarcerated individuals into transitional jobs, despite their credential attainment. This challenge suggests that future efforts should take an especially proactive approach to recruiting ex-offender-friendly employers and that providers need to be uniquely prepared to make the case for hiring these individuals to employers, which is one place technical assistance from more experienced transitional jobs providers would be beneficial. More generally, mainstream workforce providers could benefit from obtaining assistance from those who have successfully recruited employers willing to be supportive of disadvantaged jobseekers.

Reflecting on participant data can spur real-time innovation and program improvements.

While one Detroit provider originally required participants to score at a sixth grade level or above to meet the requirements held by many training providers, they soon realized that a significant portion of otherwise eligible individuals were testing below that threshold. In a great example of real-time innovation, the provider developed a pilot program to re-immense these participants in the educational context to ultimately assist them in bringing up their scores so that they would qualify for occupational training. On average, participants deemed eligible for the pilot scored 5.1 in math and 5.3 in reading. By the end of the pilot, the average participant had increased their math scores by nearly 3 grade levels and increased reading scores by 2 grade levels—a notable accomplishment, especially considering the short time frame. Future sector-driven efforts should consider this approach, which allows many participants to access

test-taking and classroom skills that they had once learned but forgotten.

Program providers should emphasize the high level of value that employer partners gain from these programs.

Providers should feel confident in selling the value of working with TJ participants to employers. Employer surveys of transitional jobs programs, including the Earn and Learn employer survey, continue to show employers touting the benefits of participating in a program such as this, from lowering the cost of hiring new employees and increasing business productivity to improving financial well-being and customer satisfaction. Time and again, as long as they have a good relationship with providers and a clear understanding of where participants are starting from, the vast majority of employers indicate that they would participate in a subsidized employment program again.

While it is certainly important to properly set employer expectations on the degree of supervision most transitional jobs participants will require, program providers and job developers should feel confident emphasizing this value to new potential employer host sites or unsubsidized hiring partners.

Participants with supportive relationships (with family, friends, program peers, or even their case managers) appear to fare better in transitional jobs programs.

Disconnected or chronically unemployed individuals can especially benefit from being surrounded by a strong support network from which to draw motivation, whether it is with program staff, program peers, family, or friends.¹⁰¹ Sometimes, as evidenced by participant responses indicating that the best part of the program was having people around “to help and...care about each person’s success,” feeling like they have just one person rooting for them is enough to strengthen participants’ confidence in their ability to succeed.

Program designers can help foster these supportive relationships by developing staff’s ability to engage participants as well as providing plenty of opportunities for participants to be surrounded by their peers, particularly once they are out at their TJ worksites and/or in training. If it is not possible to place groups of participants at each worksite, providers can provide opportunities for peer support by offering regular job club meetings, participant advisory meetings, or hosting social events intended to mark participant progress—say after completing a rigorous work readiness training course or successfully earning a credential.

Earn and Learn successfully increased employment for participants and had an important practical impact on their earnings. Though standard WIA programming appeared to have an even greater impact on employment and earnings for its participants, it is unclear if standard WIA programming was truly more effective than Earn and Learn as implemented or if participants in the two interventions differed in ways that affected outcomes and were also undetectable in this study.

It’s clear these two packages of services helped participants increase economic stability by helping them to substantially increase their earnings and in Earn and Learn’s case, sustain employment for longer periods than normally seen in similar interventions.¹⁰² What is not clear, however, is why standard WIA participants fared

101. Dunlap, N. (2012). *Service delivery principles and techniques: Helping people experiencing homelessness engage in services and succeed in employment*. Chicago: National Initiatives on Poverty & Opportunity (formerly National Transitional Jobs Network).

102. E.g., Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDRC.; Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alison, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J.,...Redcross, C. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

better than Earn and Learn participants. There are three possibilities: standard WIA programming is more effective at connecting participants to the labor market, Earn and Learn participants differed systematically from standard WIA participants in ways the limited assessment data available did not capture, or Earn and Learn's implementation challenges obscured the comparison of the two different packages of services.

Implementation challenges documented in the implementation study and the persistent differences between the treatment and comparison group documented in the impact study lend particular support to the second two interpretations. The fact that comparison group members had considerably higher pre-program annual incomes even after matching suggests that comparison group members had more substantial work histories, skills, experience, and other intangibles that put them on a higher earnings trajectory.

Systems need to do a better job of collecting the data that can facilitate more finely-tuned service delivery and more precise research.

More complete program process and assessment data would allow providers to better understand how exactly participants move through their programs and who they are serving—with the ultimate goal of more effective service provision and improved participant outcomes. From the research perspective, limited program data meant that evaluators had a diminished ability to determine the extent to which both treatment and comparison group members were engaged in their respective programs. Similarly, limited assessment data meant that the matching criterion may understate the differences between the two groups.

When fully implemented, Earn and Learn is a promising model for connecting individuals with barriers to employment to the labor market.

Though implementation of the model was imperfect, this evaluation supports the model of transitional jobs enhanced with industry-driven occupational training, as evidenced by relatively high employment rates following the end of transitional jobs among chronically unemployed, disconnected youth, and formerly incarcerated individuals. Since participants who received the full intervention appeared even more successful at obtaining unsubsidized employment than Earn and Learn participants overall, future efforts should focus on ensuring that the model is fully implemented, particularly in terms of ensuring participants have the experience of a transitional job along with marketability-enhancing occupational training.

APPENDIX A: DETAILED OUTCOME EVALUATION

METHODOLOGY

The Michigan Earn and Learn outcome and implementation evaluation was designed to answer three research questions:

1. How was Earn and Learn designed?
2. How was Earn and Learn implemented?
3. What were Earn and Learn's outcomes?

This component of the evaluation is based on the first 18 months of programming (May 1, 2011 through December 31, 2012).

Data Sources

Primary sources used to assess the implementation and outcomes of Earn and Learn include: program documents describing program funding, design, and goals; program records containing data collected by providers on assessment, participant characteristics, and outcomes; the database used by WIA providers across the state containing data on participant demographics, supportive services received, and barriers to employment; interviews with key program informants, employers, and program participants; and surveys with employers and participants.

Program Documents

To understand program design and intent, evaluators reviewed related policy issuances from the Michigan Workforce Development Agency (WDA) and regional grant proposals. These documents describe both the services that each region was required to provide as well as how they intended to do so.

Program Records

Data on the personal (including demographics, educational attainment, and barriers to employment) and household characteristics, services received, and program outcomes of the entire universe of Earn and Learn participants were drawn from program documentation, assessments, and provider performance measurement tracking tools. Since providers were already collecting much of the program record data evaluators were interested in for performance measurement purposes, evaluators permitted providers to submit program data in the format they were currently using.

Evaluators also developed an intake form that participants completed once they were enrolled in Earn and Learn to systematically collect information on participant characteristics and barriers to employment. While some of this data was present in the OSMIS data, the participant intake form served to fill in and expand upon the details of those barriers.

Michigan's One-Stop Management Information System (OSMIS)

To verify the complete universe of participants, demographics and data on supportive services received by all registered participants were collected from OSMIS, the state-level workforce database used for all Michigan Works! Agency programs in Michigan. Data on barriers to employment are also collected in this database, which allowed

OSMIS data to serve as a supplement to information collected from other sources. OSMIS also contains longitudinal Unemployment Insurance (UI) data on quarterly earnings.

Interviews

To understand the circumstances that led to the creation of Earn and Learn and shaped its design and implementation, evaluators interviewed representatives of key organizations involved in the design, administration, and funding of the program. To gain a sense of each sites' experience implementing Earn and Learn, evaluators interviewed staff and administrators from each site. Evaluators also interviewed employers—many of whom had both hosted transitional job participants and hired participants into unsubsidized employment—to gather their feedback on their involvement in the program. Finally, to understand their experiences prior to the program and to gain program feedback, evaluators also interviewed participants from each site. Interviews were conducted in the fall of 2011, spring of 2012, and winter of 2013.

Participant Survey

Primary data on participant program experiences and satisfaction with Earn and Learn were drawn from responses to a 30-question survey sent to the entire universe of participants. Of all surveys sent, 137 useable responses were received—a response rate of slightly over 9 percent. Because the number of responses constitutes a relatively small and non-randomly sampled proportion of all 1,295 participants, caution must be used in generalizing about the characteristics and experiences of all participants from survey responses.

Employer Survey

Data on the characteristics of Earn and Learn employers, their assessments of participant progress, and their satisfaction with the program were collected in a 44-question survey sent to all participating employers in late fall of 2012. Of all surveys sent, 27 useable responses were received, constituting a response rate of 33 percent. Because the number of responses is based on a non-randomly sampled proportion of all 80 Earn and Learn employers, caution must be used in generalizing about all employers from survey responses.

Data Analysis

Given the myriad of data sources used in this evaluation, researchers built a database of all data available for the entire universe of Earn and Learn participants in a manner that allowed for the construction of a single longitudinal record for each. Considering the nominal nature of most of the data collected and the non-experimental design, evaluators primarily conducted descriptive analyses and where appropriate, chi-square tests of association. Open-ended survey responses were analyzed using Atlas.ti qualitative analysis software.

Missing Data

Evaluators utilized pairwise deletion to handle missing program data. Pairwise deletion allows all cases (or participant records) to be included in all the analyses for which there is data. If there was a systematic reason the data were missing (i.e., data was missing not at random), pairwise deletion could potentially skew the analyses. However, since evaluators did not discover any systematic relationships between cases missing the same data points, pairwise deletion was deemed a sufficient method of handling missing data.

Study Limitations

There are three potential limitations associated with this study's outcome and implementation evaluation related to the use of program records, the participant survey response rate, and the nature of discerning wages earned in a transitional jobs program. While evaluators made every effort to collect program record data covering the entire population of Earn and Learn participants, relying upon the data providers were already collecting seemed to have some limitations, as there were instances in which one or more data points in a participant's longitudinal record were missing. For example, though program records indicate that 355 participants completed occupational training, at the time of data collection providers were only able to specify the type of credential earned for 263 participants. This gap may speak to the delays in communication that may occur in scattered site programs, the struggles busy providers often have in staying on top of a large amount of data, and the often-inadequate management information systems they are using or are required to use.

The low response rate of the participant survey may be attributed to a number of factors. Though researchers employed the established best practices of offering point-of-sale gift card incentives, mailing advance notice of the survey, using paper surveys, sending reminder postcards, providing email and mobile-friendly versions, and calling all non-respondents to follow up, a substantial swath of participants remained unreachable. Many phone numbers were no longer in service and mailing addresses were no longer valid—a challenge commonly experienced by researchers and providers alike with the target population.

When using UI wage data in an evaluation of a transitional job program, discerning subsidized wages from unsubsidized wages is always a challenge. In the absence of meticulously kept program records detailing subsidized wages paid out and in light of the fact that many participants were earning subsidized wages through their transitional jobs and the vast majority of transitional jobs (78 percent) lasted 14 weeks or less, evaluators coded any wages earned 2 quarters (26 weeks) after the quarter of program enrollment as unsubsidized. While this approach may have potentially included a few instances of subsidized wages, it also potentially excluded instances of unsubsidized wages and so any outliers likely cancelled each other out.

APPENDIX B: DETAILED IMPACT EVALUATION METHODOLOGY

The Michigan Earn and Learn impact evaluation was designed to answer the following research question:

1. What was Earn and Learn's impact on participant earnings, employment, public benefit receipt, and recidivism?

Since the State of Michigan was unable to provide public benefit receipt and recidivism data, these elements were necessarily dropped from the analysis.

The impact study started out from the same universe of Earn and Learn participants used in the outcome and implementation study: those enrolled in the first 18 months of programming (May 1, 2011 through December 31, 2012).

Data Sources

IMPACT obtained data on quarterly Unemployment Insurance (UI) income and demographics for both Earn and Learn participants and individuals participating in standard Workforce Investment Act (WIA) programming in the various counties Earn and Learn operates. These data were drawn from the OSMIS database, the state-level workforce database used for all Michigan Works! Agency programs in Michigan.

State agency partners were unable to negotiate an agreement with the Michigan Department of Corrections (MDOC), which meant that evaluators were unable to obtain recidivism data. Researchers instead pulled criminal record data from a publicly-available database with the following limitations: data only cover criminal convictions and therefore excludes arrests, data are only from state-level convictions and therefore excludes any convictions at the local, city, or federal level; and data on any ex-offenders who have been discharged from incarceration or parole supervision for 3 years or more are not available. Given this data limitation along with the small proportion of ex-offenders in each group, it was not possible to assess Learn's impact on recidivism.

Similarly, despite original plans, state agency partners were unable to reach an agreement with the Michigan Department of Human Services to receive public benefits data, which necessitated the exclusion of this domain of the study as well.

Data Analysis Strategy

To assess program impact on earnings, the research team sought to create a longitudinal earnings record for each individual under study. Using the quarterly UI data, a longitudinal earnings history consisting of at least four (and up to eight) quarters of pre-program earnings and eight quarters of post-program earnings was developed. Any participants with less than four quarters of pre earnings or eight quarters of post-program earnings data were excluded from this analysis. Program exit dates were not available for a substantial swath of both the treatment and comparison group, and therefore the quarter in which each participant was officially registered for the program was coded as the intervention quarter and quarters previous and subsequent to the intervention were coded as pre- and post-, respectively. Since participants were often not officially registered until they had demonstrated some level of commitment to the program (e.g., by completing the four-week work readiness training in Detroit, for example), the registration date likely

underestimates how long the average participant was engaged with the program. Consistent with similar transitional job program evaluations, it was not possible to distinguish between subsidized and unsubsidized wages in the earnings data.¹⁰³ Considering that the vast majority of transitional jobs (78 percent) lasted less than 4 months, it is reasonable to assume that on average, wages earned in post-quarter 3 and beyond were unsubsidized and represent unsubsidized employment. Knowledge of how the program was implemented suggests that while this approach may inadvertently include a few outlying individuals who started their transitional jobs later into their program involvement, this approach also likely excludes a few outlying individuals who moved into unsubsidized employment unusually early in their program involvement, balancing each other out. These approaches are also consistent with past research on the validity of quasi-experimental designs in estimating program impact on earnings and employment, which call for geographically-similar comparison and treatment groups, longitudinal baseline outcome data, a common data source for key outcomes, and a nonparametric method for excluding dissimilar treatment and comparison group members from the matching process.¹⁰⁴

With the understanding that general WIA participants were likely to have more skills and be less disconnected from the labor market than the average Earn and Learn participant, the evaluation team sought to construct a comparison group by using propensity score matching to select comparison group individuals who “look like” program participants in terms of observable demographics and characteristics associated with barriers to employment.

Data Recoding and Removal of Outliers

To prepare for inclusion in the regression model, categorical variables such as race, education, and intervention quarter were recoded into numerical variables. The two years of pre-program annual income available were averaged together for each individual to generate a relatively more stable estimate of pre-program income. Initial attempts to match the two groups using an untrimmed dataset resulted in persistent statistically significant differences between groups, regardless of matching strategy (e.g., caliper, kernel, nearest-neighbor one and five), particularly in terms of average pre-program income. In light of this reality and in keeping with the recommendations of methodological experts, individuals with outlying average pre-program incomes were removed from both the treatment and comparison group.¹⁰⁵ Outliers are observations that are appreciably different from the majority of the other cases under study, which can lead to an erroneous skewing of results when using a group means-based analysis. In this instance, outliers were trimmed by removing individuals with average pre-program incomes more than 3.29 standard deviations above or below the mean for each group.¹⁰⁶ Matching procedures using this trimmed universe proved much more successful, as discussed in further detail below.

103. E.g., Redcross, C., Millenky, M., Rudd, T. & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDRC.; Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs ReEntry Demonstration*. New York: MDRC.; Roder, A., & Elliot, M. (2013). *Stimulating opportunity: An evaluation of ARRA-Funded subsidized employment programs*. New York: Economic Mobility Corporation.; and Butler, D., Alison, J., Bloom, D., Deitch, V., Hill, A., Hsueh, J., ..., Redcross, C. (2012). *What strategies work for the hard-to-employ? Final results of the Hard-to-Employ Demonstration and Evaluation Project and selected sites from the Employment Retention and Advancement Project*. OPRE Report 2012-08, Washington, D.C., Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

104. Bloom, Howard S., Charles Michaelopoulos and Carolyn J. Hill (2005). *Using experiments to assess nonexperimental comparison-groups methods for measuring program effects*. In Howard S. Bloom (Ed.), *Learning more from social experiments: Evolving analytic approaches*, (pp. 173-235). New York: Russell Sage (2005).; and Heinrich, C., Mueser, P., & Troske, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impaq International.

105. E.g., Osborne, J., & Overbay, A. (2004). The power of outliers (and why researchers should always check for them). *Practical Assessment, Research & Evaluation*, 9(6). Available at Practical Assessment, Research, and Evaluation website: <http://PAREonline.net/getvn.asp?v=9&n=6>; and Morrow, J.A. (2014, June). *Twelve steps of data cleaning: Strategies for dealing with dirty evaluation data*. Workshop presented at the American Evaluation Association Summer Evaluation Institute, Atlanta, GA.

106. 7 cases (1 percent) were removed from the treatment group and 63 cases (1 percent) were removed from the comparison group.

Difference-in-Differences Estimation

Armed with the knowledge that the average Earn and Learn participant was likely to be fairly different from the average general WIA participant on unobserved characteristics, evaluators elected to assess program impact by combining a Difference-in-Differences (DID) analysis with propensity score matching. A DID analysis generates an estimate of the observed difference between two groups after controlling for natural time trends.¹⁰⁷ A DID is particularly useful in an observational study such as this, since the procedure allows researchers to control for both permanent differences between-groups and time-trends that could be affecting the treatment group's outcomes.¹⁰⁸ In this instance, a DID was used to estimate the impact of Earn and Learn on annual income. Since the comparison group can be seen as the counterfactual, the comparison group's average change in income from the pre-program period to the post-program period was subtracted from the average change in income from the pre-program period to the post-program period for the treatment group. The remaining change can then be considered the treatment effect.

Matching Strategy

To address pre-existing differences that may have existed between the treatment and comparison group that could skew Earn and Learn's impact on earnings and employment, matched comparison and treatment groups were constructed. Each individual that participated in Earn and Learn and in WIA was assigned a probability of receiving treatment. These probabilities or propensity scores were generated by running a probit regression. While propensity scores can be calculated by using a probit or logit model, neither approach appears to have a clear advantage.¹⁰⁹ Characteristics known to be associated with the outcomes under study, known as covariates, are weighted and a propensity score is generated for each individual. Matches are based on the propensity scores that emerge from the regression model and allow researchers to construct groups that have a similar likelihood of receiving the intervention based on the covariates included in the model. Propensity score matching is a statistical technique used in quasi-experimental studies to create a comparison group that resembles the treatment group on key characteristics associated with the dependent variable.

Following the precedent of past workforce research, participants were matched on a range of characteristics known to be associated with employment outcomes, including earning history, age, race, gender, education level, criminal record, and status as long-term unemployed.¹¹⁰ Though prior to matching the two groups were significantly different on nearly every key characteristic available for comparison following the match, group differences remained on only two covariates (Figure 35).

107. For further discussion of DID procedures, see Abadie, A. (2005). Semiparametric difference-in-difference estimators. *Review of Economic Studies*, 72, 1-19. or Heckman, J., Ichimura, H., & Todd, P. (1997). Matching as an econometric evaluation estimator: Evidence from evaluating a job training programme. *The Review of Economic Studies*, 64(4), 605-654.

108. National Bureau of Economic Research (2007). *Difference-in-Differences Estimation*. Cambridge, MA

109. Heinrich, C., Maffioli, A., Vasquez, G. (2010). *A primer on applying propensity-score matching*. Washington, DC: Office of Strategic Planning, and Development Effectiveness, Inter-American Development Bank.

110. E.g., in Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: final results from the evaluation of the Center for Employment Opportunities (CEO) transitional jobs program*. New York: MDR; Heinrich, C., Mueser, P., & Trokse, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impaq International.

MEAN GROUP CHARACTERISTICS BEFORE AND AFTER MATCHING

FIGURE 35

Variable	Sample	Treatment	Comparison	T-stat	P-value
		Group Mean			
Age	Unmatched	33	35	-3.45	.001*
	Matched	33	34	-1.54	.124
Average Pre Year Income	Unmatched	\$1,802	\$13,895	-11.96	.000*
	Matched	\$1,802	\$4,820	-5.14	.000*
Male	Unmatched	66.3%	56.7%	4.25	.000*
	Matched	66.3%	64.2%	0.71	.478
Formerly Incarcerated	Unmatched	19.3%	6.2%	11.0	.000*
	Matched	19.3%	15.9%	1.41	.160
Race	Unmatched	2.8	4.3	-15.75	.000*
	Matched	2.8	3.2	-3.42	.001*
Long Term Unemployed	Unmatched	64.6%	52.0%	5.47	.000*
	Matched	64.6%	59.4%	1.71	.087
Education Level	Unmatched	12.6	12.8	-1.53	.126
	Matched	12.6	12.8	-1.14	.253
Enrollment Quarter	Unmatched	3.0	2.0	19.62	.000*
	Matched	3.0	2.9	1.64	.101

*Starred entries indicate categories with statistically significant differences at the .05 level.

In this case, based on the precedent of past research, key predictor variables of participant age, gender, race, education level, classification as long-term unemployed (6 months or more) or formerly incarcerated, and pre-program earnings were used to match.¹¹¹ To further control for any time effects—particularly salient for this analysis due to Earn and Learn’s proximity to The Great Recession, participants were also matched on enrollment quarter, i.e., the quarter in which they began their respective programs.

After testing out several different matching algorithms, evaluators arrived at the closest matching using the non-parametric method of kernel (normal) matching. Kernel matching assigns weights to comparison group members in order to construct a group that on average, resembles the treatment group.

Consistent with the recommendations of methodological experts in the field, several steps were taken to assess the quality and validity of the matching algorithm.¹¹² The following section details these checks:

Balancing Check

The balancing check allows researchers to assess the success of the match by examining group means before and after the match. If the match has been successful, group means should grow more similar to each other. As a whole, preliminary analyses revealed that when compared to the treatment group prior to matching, WIA participants were older, more likely to be female, less likely to be of color, had substantially higher pre-program incomes, and had

111. E.g., Heinrich, C., Mueser, P. & Trokse, K. (2008). *Workforce Investment Act non-experimental net impact evaluation*. Columbia, MD: Impaq International; Heckman, J., Ichimura, H., & Todd, P. (1997). Matching as an econometric evaluation estimator: Evidence from evaluating a job training programme. *The Review of Economic Studies*, 64(4), 605-654.

112. Heinrich, C., Maffioli, A., & Vasquez, G. (2010). *A primer on applying propensity-score matching*. Washington D.C.: Office of Strategic Planning and Development Effectiveness, Inter-American Development Bank.

less barriers to employment such as being long-term unemployed or formerly incarcerated (Figure 36). Following matching, however, the two groups were similar on all characteristics with the exception of race and prior annual earnings (Figure 37). The results of this balancing check suggest that the match has been reasonably successful and one can expect the two groups to be relatively comparable on the characteristics available for matching.

MEAN DIFFERENCES BEFORE MATCHING FIGURE 36

Variable	Treatment Group	Comparison Group	Difference	P-value
Age	33 (-0.486)	35 (-0.191)	-2 (-0.295)	.000*
Average Pre Year Income	\$1,802 (-155.40)	\$13,894 (-306.67)	-\$12,091 (151.27)	.000*
Male	66.3% (-0.021)	56.7% (-0.007)	9.7% (-0.014)	.000*
Formerly Incarcerated	19.3% (-0.017)	6.2% (-0.003)	13.1% (-0.014)	.000*
Race	2.8 (-0.075)	4.3 (-0.027)	-1.5 (-0.047)	.000*
Long Term Unemployed	64.6% (-0.021)	52.0% (-0.007)	12.6% (-0.014)	.000*
Education Level	12.6 (-0.068)	12.8 (-0.031)	-0.2 (-0.037)	.126
Enrollment Quarter	3.0 (-0.041)	2.0 (-0.015)	1.0 (-0.026)	.000*

*Starred entries indicate categories with statistically significant differences at the .05 level.
Standard errors in parentheses.

MEAN DIFFERENCES AFTER MATCHING FIGURE 37

Variable	Treatment Group	Comparison Group	Difference	P-value
Age	33 (-0.486)	35 (-0.191)	-2 (-0.295)	.000*
Average Pre Year Income	\$1,802 (-155.40)	\$13,894 (-306.67)	-\$12,091 (151.27)	.000*
Male	66.3% (-0.021)	56.7% (-0.007)	9.7% (-0.014)	.000*
Formerly Incarcerated	19.3% (-0.017)	6.2% (-0.003)	13.1% (-0.014)	.000*
Race	2.8 (-0.075)	4.3 (-0.027)	-1.5 (-0.047)	.000*
Long Term Unemployed	64.6% (-0.021)	52.0% (-0.007)	12.6% (-0.014)	.000*
Education Level	12.6 (-0.068)	12.8 (-0.031)	-0.2 (-0.037)	.126
Enrollment Quarter	3.0 (-0.041)	2.0 (-0.015)	1.0 (-0.026)	.000*

*Starred entries indicate categories with statistically significant differences at the .05 level.
Standard errors in parentheses.

Robustness Checks

Robustness checks are intended to assess whether the matching strategy used by researchers unduly influenced the primary outcome under study. In this case, robustness checks were conducted to confirm that the matching algorithm selected for this analysis—kernel matching—did not have an effect on the observed differences in post-period earnings in light of other possible matching strategies (Figure 38). These results demonstrate that while each strategy yields slightly different absolute values, the between-group earnings differences demonstrate similar levels of significance.

Overlap Condition

The overlap condition requires that there is enough commonality on key characteristics between the treatment and comparison group to find satisfactory matches. Following the match, matched comparison group members and treatment group members demonstrated much more similar propensity scores, i.e., likelihood of participating in the program, which supports the validity of the match (Figure 39 and Figure 40).

Taken as a whole, these checks confirm the ability of the model used in this analysis to create a comparison group that sufficiently resembles the treatment group in terms of characteristics available for inclusion.

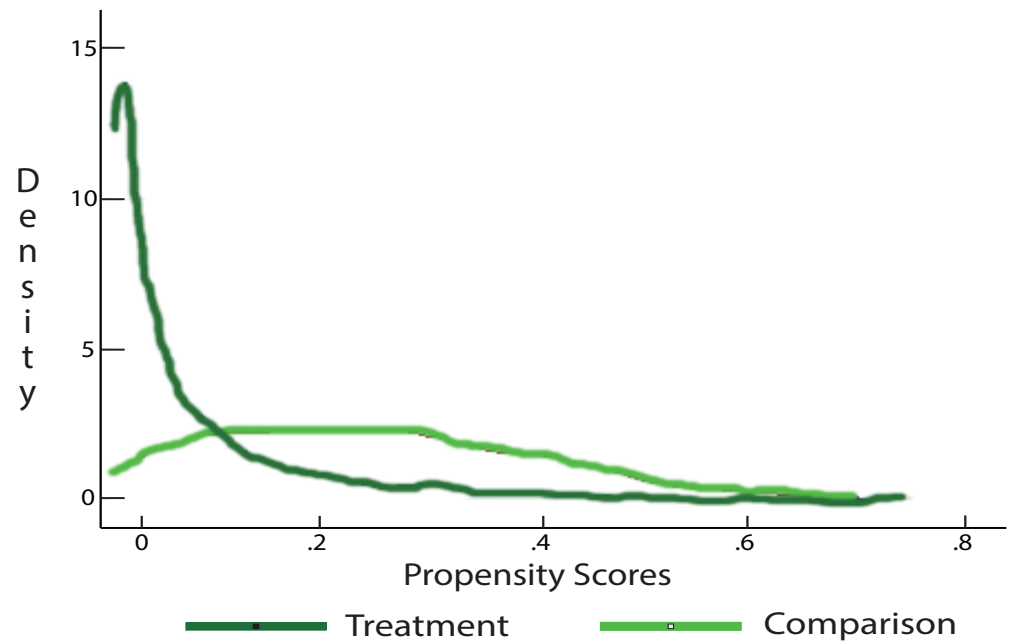
ROBUSTNESS CHECKS
FIGURE 38

Outcome	Nearest Neighbor (1)	Nearest Neighbor (5)	Caliper (0.1)	Normal Kernel
Post Year 1 Earnings	-\$1,840 (755.3) .001*	-\$2,154 (509.5) .000*	-\$1,840 (755.3) .001*	-\$1,816 (481.9) .002*
Post Year 2 Earnings	-\$1,658 (880.2) .016*	-\$1,996 (652.0) .005*	-\$1,658 (880.2) .016*	-\$1,610 (615.6) .003*

*Starred entries indicate categories with statistically significant differences at the .05 level.
Standard errors in parentheses.

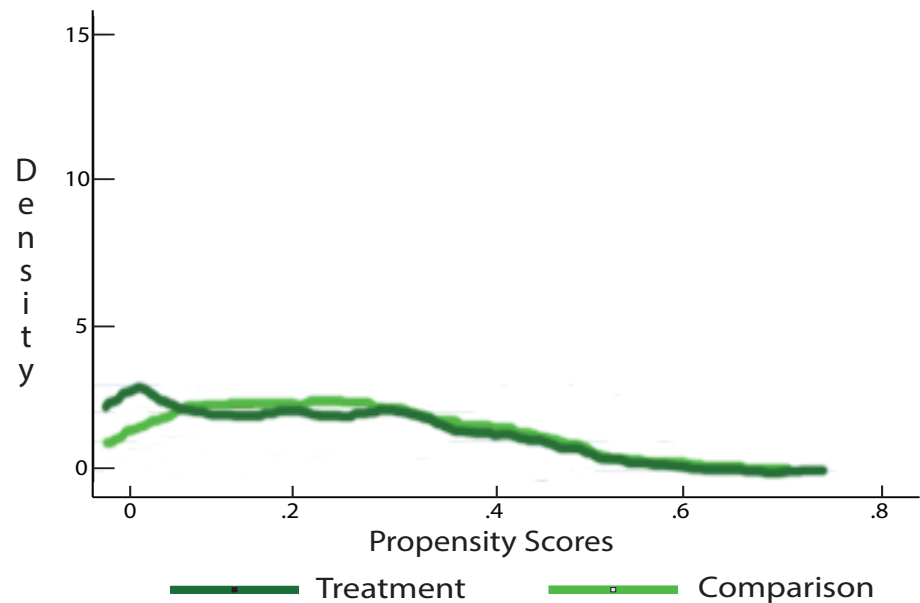
DISTRIBUTION OF PROPENSITY SCORES AMONG UNMATCHED TREATMENT AND COMPARISON GROUPS

FIGURE 39



DISTRIBUTION OF PROPENSITY SCORES AMONG MATCHED TREATMENT AND COMPARISON GROUPS

FIGURE 40



Study Limitations

This study's impact findings may be due to the Earn and Learn program being less effective than the general WIA intervention, or as with any quasi-experimental research, these results may have been hindered by unobserved characteristics that reduced our ability to effectively control for characteristics associated with employment barriers. While more detailed assessment data (including more nuanced data on employment barriers related to transportation, childcare, housing, incarceration history, and support networks) was collected for Earn and Learn participants, comparison group data was limited to what was already being collected in the current state workforce system.

Comparison group design assumes that individuals who share observable characteristics also share unobservable characteristics: if program participants matched their comparison group counterparts on observable and unobservable characteristics, the difference between average outcomes for participants and average outcomes for the comparison group would be an unbiased estimate of the program's impact. However, individuals who "look alike" in terms of observable characteristics may differ in terms of unobservable characteristics that affect program outcomes, severely biasing impact estimates. For example, an individual with a consistent work history is more likely to get hired into a higher paying job than an individual with a sparse work history; while investigators may match participants and comparison-group individuals perfectly on age, earnings immediately prior to the program, education, and location, they cannot match individuals on work history. Similarly, if on average, comparison group individuals had more social or family support than their participant counterparts and that support in turn facilitated more consistent attendance and a greater ability to focus, these comparison group individuals may have better employment retention but appear to be perfectly matched with participants. In this example, an estimate derived from the difference between average earnings of participants and comparison group individuals would be biased downwards.

There is also an inherent limitation in matching on income immediately prior to program enrollment, since individuals seeking employment program tend to do so after absorbing an economic shock. This phenomenon is known as the Ashenfelter dip.¹¹³ Economist Orley Ashenfelter observed that for some individuals, this often temporary shock to earnings is not representative of prior earnings and likely understates work history and skill levels. For instance, a machinist with ten years of experience who has been unemployed for two years would have earnings equivalent to a chronically unemployed individual who has not worked in the past two years. Without following individuals for the long-term (such as from secondary education on), earnings history immediately preceding program enrollment may not always be a reliable index of work experience and skills, and may lead to matches between individuals with substantially different employment histories.

113. First acknowledged in Ashenfelter, O. (1978). Estimating the effect of training programs on earnings. *The Review of Economics and Statistics*, 60(1), 47-57. Retrieved from http://athens.src.uchicago.edu/jenni/dvmaster/FILES/Ashenfelter_78.pdf; subsequently noted in numerous later discussion papers and studies, e.g., Smith, J. (1996). *Three essays on the economics of evaluating social programs*. Available at http://research.upjohn.org/cgi/viewcontent.cgi?article=1042&context=dissertation_awards; and Heckman, J. & Smith, J. (1999). The pre-programme earnings dip and the determinants of participation in a social programme: Implications for simple programme evaluation strategies. *The Economic Journal*, 109, 313-348. Available at http://athens.src.uchicago.edu/jenni/dvmaster/FILES/ash_dip.pdf

APPENDIX C: DETAILED PROGRAM DESIGN AND IMPLEMENTATION BY CITY

	Program Length	Variation from design
DETROIT	July 2011 through December 2013	None
FLINT	May 2011 through December 2012	Extended through April 2014
SAGINAW	Summer 2011 through December 2013	Extended through December 2013

	Michigan Works Agency (MWA)	Variation from Design
DETROIT	Detroit Workforce Development Department (DWDD)/Detroit Employment Solutions and Southeast Michigan Community Alliance (SEMCA)	City government-run DWDD ceased operations and transitioned to a new nonprofit (DESC) in July 2012—one year into implementation; this transition along with inefficiencies at DWDD resulted in training providers having to wait up a year for payment, which caused some training organizations to refuse to provide training until they were paid. This implementation challenge made it more difficult for Detroit providers, especially ACCESS, which does not have training facilities onsite, to match participants with training to the extent intended.
FLINT	Genesee/Shiawassee Michigan Works (GSMW)	None
SAGINAW	None	None

	Role of MWAs	Variation from Design
DETROIT	Processed participant registration with WIA system and distributed vouchers for participant training using Individual Training Accounts	A private third party workforce company, Grant Associates, assumed DESC's participant enrollment and ITA reimbursement responsibilities in July 2012
FLINT	Administered grant, oversaw subcontractor, program providers; processed participant registration with WIA system	In July 2012, Mott Community College became a WIA provider and therefore gained the ability to enroll Earn and Learn participants in WIA internally. This seems to have decreased the wait time between initial program intake and enrollment in program activities for Mott participants
SAGINAW	Administered grant and oversees subcontractor program provider	None
	Grant Administrator	Variation from Design
DETROIT	Southwest Housing Solutions (SWHS)	None
FLINT	Genesee/Shiawassee Michigan Works	None
SAGINAW	Great Lakes Bay Michigan Works	None
	Program Providers	Variation from Design
DETROIT	Focus: HOPE ACCESS	None
FLINT	Mott Community College Baker College of Flint	None
SAGINAW	Arnold Center, Inc.	None

	Target Population	Variation from Design
DETROIT	Residents of Detroit, Highland Park, or Hamtramck who were either low-income disconnected urban youth, especially young minority males ages 18-24, formerly incarcerated individuals (especially those released in the last year), or unemployed adults (especially those unemployed 27 weeks or longer). Required TABE scores above the 6th-grade level, which is often a minimum requirement for occupational training. Original program design explicitly excluded those using drugs, a mental-health or behavioral issue that would interfere with the program, a criminal sexual conviction, or three or more felony convictions	Substantial portion of otherwise eligible participants scored below the sixth grade level on the TABE; one Detroit provider subsequently developed a pilot program to help increase scores to allow these participants to enroll. Substantial proportion of otherwise eligible participants tested positive for drug use and the other Detroit provider responded by creating a pilot program intended to educate participants about the negative effect of drug use on employment; upon completion participants were eligible to take another drug test and enroll in Earn and Learn if they passed
FLINT	Residents of Genesee County who are unemployed adults, ex-offenders re-entering the workforce, and/or disenfranchised youth	None
SAGINAW	Residents of Saginaw who are low-income, formerly incarcerated (especially those released within the last 5 to 7 years), or chronically unemployed (especially those unemployed 27 weeks or longer). Defined low-income as belonging to a household that receives cash assistance or food stamps, or whose income does not exceed the higher of the poverty level or 70 percent of the Lower Living Standard Income Level in the 6 months prior to applying for Earn and Learn	None
	Planned Enrollment	Variation from Design
DETROIT	1,406 in a cohort model	None added; 788 actually enrolled as of early 2013
FLINT	264 on a rolling basis	150 added at extension in January 2013; 380 actually enrolled as of early 2013
SAGINAW	80	80 added at extension in February 2013; 128 actually enrolled as of early 2013

	Enrollment Process	Variation from Design
DETROIT	Participants referred to appropriate MWA's one-stop service center; MWA's provide initial intake and assessment to determine program eligibility, complete TABE testing, and initiate the participant file in the WIA management information system; eligible prospective participants referred to the appropriate Detroit provider for further screening and assessment	TABEs were actually completed during JRT (after enrollment process)
FLINT	Participants referred to MWA's one-stop service center; MWA provides initial intake and assessment to determine program eligibility; eligible prospective participants referred to the appropriate Flint provider for further screening and assessment; once eligibility is demonstrated and case management activity identified, participant file created in the WIA management information system	One Flint provider became a WIA Employment Service provider and therefore gained ability to enroll participants in WIA directly instead of going through the MWA
SAGINAW	As a contracted WIA provider, the Saginaw provider screened and registered participants for WIA directly	None

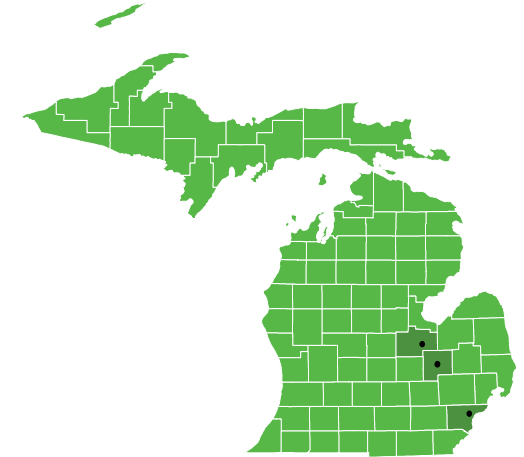
	Case Management	Variation from Design
DETROIT	Participants assigned a case manager and a job coach to assess participant barriers and goals, help access supportive services, develop an individualized training plan, and complete transitional job; job coach evaluates each participant every two weeks by talking with worksite supervisor and participant	None
FLINT	Participants meet with case manager, who reviews assessment results and develops individual service strategy for education and training, transitional job, and supportive services if necessary; participants referred to remedial training if necessary; participants meet with a case manager at least once per month; participants also have access to job developers, who support their employment search	None
SAGINAW	Participants assigned a career manager; based on assessment, career manager develops an individual service strategy and provides supportive services or access to remedial education if necessary; participants were to communicate with career manager once per week throughout the program by phone or in person	None

	Work Readiness Training	Variation from Design
DETROIT	Mandatory intensive 4 week course taught at local community college	None
FLINT	Job club and workshops as needed	None
SAGINAW	2 full-day day or 4 half-day workshop called Essential Work Skills (EWS), a statewide Michigan Works-approved training based on employer feedback of desired skills and behaviors. EWS covers communication, teamwork and conflict management, customer service, appearance, and other topics	None
	Planned Enrollment in Occupational Training	Variation from Design
DETROIT	1,110	No additions to target; 281 entered occupational training as of early 2013
FLINT	238	108 added at extension; 187 entered occupational training as of early 2013
SAGINAW	76	76 added at extension; 93 entered occupational training as of early 2013
	Occupational Training Sector Focus	Variation from Design
DETROIT	None	None
FLINT	Energy-conservation and green-construction training	In reality, participants pursued a variety of trainings
SAGINAW	Energy Conservation Apprenticeship Readiness (ECAR) training was planned to be offered to most participants, who would then be placed in subsidized employment with construction contractors; other participants were to be offered training in healthcare and solar panel manufacturing	ECAR training proved to be more challenging for participants than expected; in response, the Saginaw provider offered remedial training and also identified additional training opportunities. A substantial number (36 percent) of participants pursued clerical training rather than any of the trainings originally planned

	Training Providers	Variation from Design
DETROIT	Various Michigan Career Education Consumer Report (CECR)-approved training providers	None
FLINT	Mott Community College and Baker College	None
SAGINAW	Delta College (a local community college) and various CECR-approved training providers	None
	Concurrent Training/Job Requirements	Variation from Design
DETROIT	Participants were required to participate in education or training and subsidized employment concurrently; participants were required to work at least 20 hours per week in subsidized employment for a total of least 40 hours per week in both activities	While concurrent training and employment were encouraged, in reality providers struggled to identify employers and training opportunities that were compatible schedule-wise; severe delays in voucher reimbursement to training providers also caused some training providers to refuse service and withdraw students from class; all three issues led this requirement to soften
FLINT	Participants could combine education/training and subsidized employment in a sequence that fit their preferences and the preferences of employers	
SAGINAW	Participants were required to work in subsidized employment and attend training concurrently	None
	Planned Participants for Transitional Jobs	1 exception was made Variation from Design
DETROIT	1,110	None added; 449 entered transitional jobs as of early 2013
FLINT	238	120 added at extension in January 2013; 303 entered transitional jobs as of early 2013
SAGINAW	72	72 more added at extension in January 2013; 80 entered transitional jobs as of early 2013

	Maximum Length of Transitional Job	Variation from Design
DETROIT	550 hours	None
FLINT	640 hours	None
SAGINAW	640 hours	None
	Payroll for Subsidized Wages	Variation from Design
DETROIT	Participants were to be on employers' payroll for subsidized employment: participants were paid by employers and employers were to be reimbursed by SWHS	None
FLINT	Flint providers pay participants directly	None
SAGINAW	Saginaw provider established an independent limited liability company to pay Earn and Learn participants	None
	Targets for Unsubsidized Employment	Variation from Design
DETROIT	633 entering unsubsidized employment; 320 retained for at least 6 months	Data unavailable
FLINT	217 originally; 123 added at extension	Data unavailable
SAGINAW	64 originally; 64 added at extension	Data unavailable

APPENDIX D: EARN AND LEARN IMPLEMENTATION TIMELINE

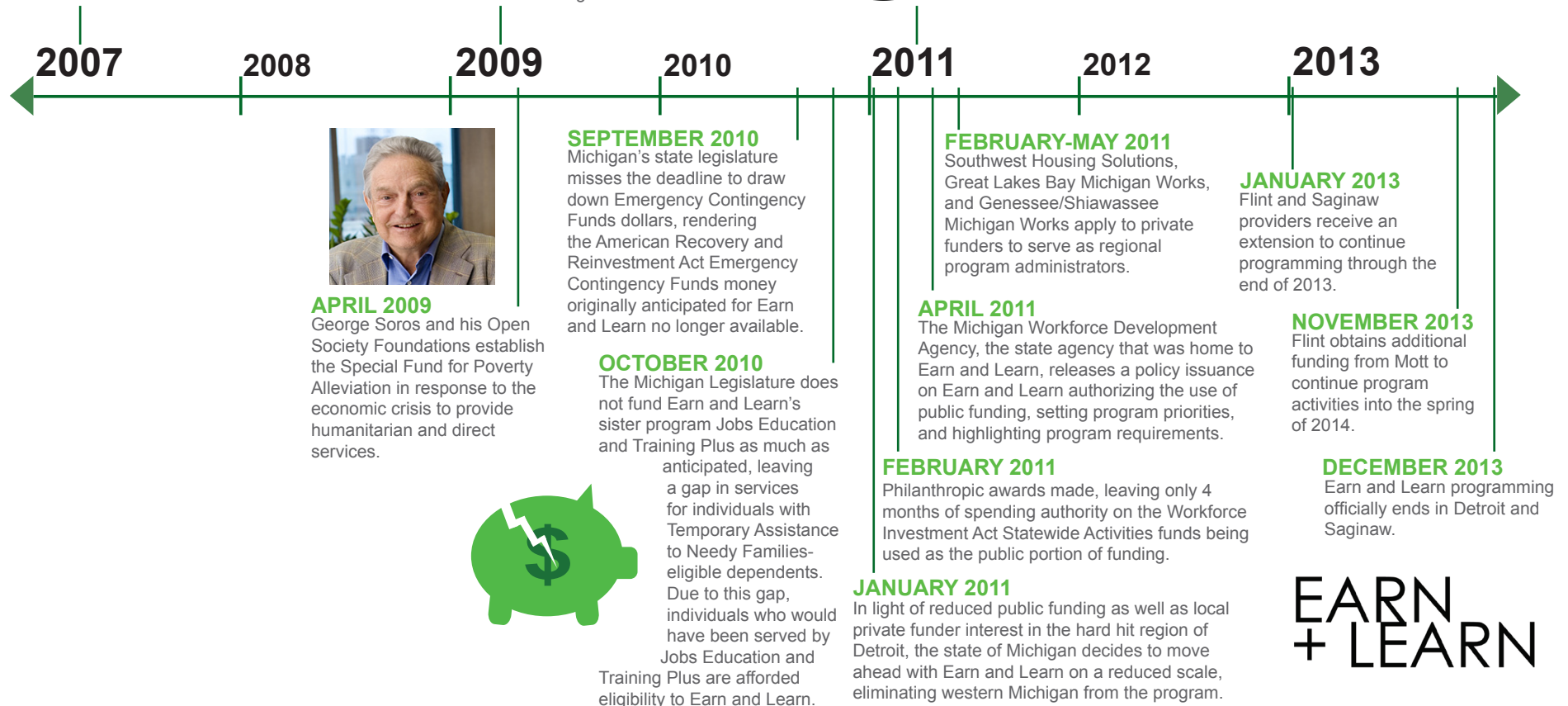


A precursor to Earn and Learn known as No Worker Left Behind (NWLB) is initiated by the then Governor Granholm's Administration. NWLB provided free tuition to unemployed and moderate-income individuals to return to school and earn credentials with labor market value, and Earn and Learn was intended to share NWLB's emphasis on training and focus on making training attractive and accessible to individuals disconnected from education and the labor market.



Open Society Foundations and the State of Michigan approach the Charles Stewart Mott Foundation about providing matching funds for a program that would draw down American Recovery and Reinvestment Act dollars to provide transitional jobs and education to disconnected individuals throughout the state.

In response to the missed ARRA funding opportunity, Open Society Foundations (OSF) adds an additional matching requirement that the State of Michigan match OSF's contribution, leaving the State to identify additional funding.



EARN + LEARN

The Social IMPACT Research Center (IMPACT), a Heartland Alliance program, conducts applied research for nonprofits, foundations, advocacy groups, governments, coalitions, and the media to help them measure, inform and grow their social impact. IMPACT also regularly reports on key poverty trends to equip decisionmakers with sound data to inform public policy. Visit www.socialimpactresearchcenter.org to learn more.

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